

COMMUNITY IMPROVEMENT
CORPORATION OF SUMMIT, MEDINA
AND PORTAGE COUNTIES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2004 AND 2003



**Auditor of State
Betty Montgomery**

Board of Trustees
Community Improvement Corporation
of Summit, Medina and Portage Counties
One Cascade Plaza, 17 Floor
Akron, Ohio 44308

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Summit, Medina and Portage Counties, prepared by Brott Mardis & Co., for the audit period January 1, 2004 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Community Improvement Corporation of Summit, Medina and Portage Counties is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 28, 2005

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COMMUNITY IMPROVEMENT CORPORATION
OF SUMMIT, MEDINA AND PORTAGE COUNTIES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2004 AND 2003

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BROTT MARDIS & CO.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Community Improvement Corporation
of Summit, Medina and Portage Counties
Akron, Ohio

We have audited the accompanying statements of financial position of Community Improvement Corporation of Summit, Medina, and Portage Counties (a nonprofit organization) as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Improvement Corporation of Summit, Medina and Portage Counties as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2005, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Brott Mardis & Co.

March 22, 2005

**COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES**

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2004	2003
CURRENT ASSETS:		
Cash and cash equivalents	\$ 123,966	\$ 117,660
Accounts receivable	-	11,790
Accrued interest receivable	815	1,425
Total current assets	124,781	130,875
FIXED ASSETS:		
Furniture and fixtures	416	416
Less accumulated depreciation	416	416
	-	-
OTHER ASSETS:		
Restricted cash - certificates of deposit	160,000	184,019
	160,000	184,019
TOTAL ASSETS	\$ 284,781	\$ 314,894

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 2,526	\$ 2,526
TOTAL CURRENT LIABILITIES	2,526	2,526
NET ASSETS:		
Unrestricted:		
Designated by the board for economic development - CAPP - NOTE B	47,836	47,836
Undesignated	74,419	80,513
	122,255	128,349
Temporarily Restricted	160,000	184,019
TOTAL NET ASSETS	282,255	312,368
TOTAL LIABILITIES AND NET ASSETS	\$ 284,781	\$ 314,894

See notes to financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES**

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2004</u>
REVENUE:			
Project fees	\$ 2,200	\$ -	\$ 2,200
Interest income	245	935	1,180
TOTAL REVENUE	<u>2,445</u>	<u>935</u>	<u>3,380</u>
 Net assets released from restriction	 24,954	 (24,954)	 -
 EXPENSES:			
Administrative	30,318	-	30,318
Professional fees	2,957	-	2,957
Miscellaneous	10	-	10
Bank service charge	208	-	208
TOTAL EXPENSES	<u>33,493</u>	<u>-</u>	<u>33,493</u>
 DECREASE IN NET ASSETS	 (6,094)	 (24,019)	 (30,113)
 NET ASSETS AT BEGINNING OF YEAR	 <u>128,349</u>	 <u>184,019</u>	 <u>312,368</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 122,255</u>	 <u>\$ 160,000</u>	 <u>\$ 282,255</u>

See notes to financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES**

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2003</u>
REVENUE:			
Project fees	\$ 3,020	\$ -	\$ 3,020
Interest income	2,875	-	2,875
TOTAL REVENUE	<u>5,895</u>	-	<u>5,895</u>
Net assets transferred to temporarily restricted status as a result of loan guarantee	(184,019)	184,019	
EXPENSES:			
Administrative	30,337	-	30,337
Professional fees	2,912	-	2,912
Miscellaneous	-	-	-
Bank service charge	200	-	200
TOTAL EXPENSES	<u>33,449</u>	-	<u>33,449</u>
DECREASE IN NET ASSETS	(211,573)	184,019	(27,554)
NET ASSETS AT BEGINNING OF YEAR	<u>339,922</u>	-	<u>339,922</u>
NET ASSETS AT END OF YEAR	<u>\$ 128,349</u>	<u>\$ 184,019</u>	<u>\$ 312,368</u>

See notes to financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES**

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (30,113)	\$ (27,554)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Decrease in accounts receivable	11,790	2,080
Decrease (increase) in interest receivable	610	(313)
Decrease in accounts payable	-	(5,056)
Decrease in restricted cash	<u>24,954</u>	<u>-</u>
Net cash provided by (used in) operating activities	7,241	(30,843)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Net reinvestment in certificates of deposit	<u>(935)</u>	<u>(1,547)</u>
Net cash used in investing activities	<u>(935)</u>	<u>(1,547)</u>
 NET INCREASE (DECREASE) IN CASH	 6,306	 (32,390)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>117,660</u>	 <u>150,050</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 123,966</u>	 <u>\$ 117,660</u>

See notes to financial statements.

COMMUNITY IMPROVEMENT CORPORATION
OF SUMMIT, MEDINA AND PORTAGE COUNTIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

The Community Improvement Corporation (the Corporation) was organized to promote the industrial, commercial, civic and economic development of Summit, Medina and Portage Counties.

FINANCIAL STATEMENT PRESENTATION

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. A description of these categories follows:

Unrestricted net assets represent the operations of the Corporation, including net assets designated by the Board of Trustees.

Temporarily restricted net assets represent amounts received that were restricted by the donor or grantor or other outside party for a specific purpose. On December 9, 2003 the Corporation assigned its certificate of deposit accounts along with the interest accrued, as collateral to secure a loan payable to the Greater Akron Chamber of Commerce.

Permanently restricted net assets represent amounts received for which the principal must be preserved and only the income is available for use. The Corporation has no permanently restricted net assets at this time.

CASH EQUIVALENTS

For purposes of the statements of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due during the next fiscal year. No allowance for uncollectible amounts is deemed necessary.

FIXED ASSETS

Fixed assets are recorded at cost. Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets. Expenditures for repairs and maintenance are charged to expense as incurred, whereas major betterments are capitalized.

INCOME TAXES

The Community Improvement Corporation is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. RELATED PARTY TRANSACTIONS

The Greater Akron Chamber, related through common officers, provides all administrative services necessary to carry out the operations of the Community Improvement Corporation. The Corporation paid the Chamber \$30,318 in 2004 and \$30,337 in 2003 for administrative services. The Corporation owed the Chamber \$2,526 at both December 31, 2004 and 2003.

B. RELATED PARTY TRANSACTIONS (Continued)

During 1992, the Community Improvement Corporation entered into a loan agreement with Greater Akron Chamber, whereby the Community Improvement Corporation will lend up to \$200,000 to the Chamber for the Capital Access Plus Program that promotes economic development. The loan will be drawn in advances, as needed until the aggregate principal amount of all the advances totals the \$200,000. A forgiveness of debt clause exists for a dollar-for-dollar reduction in principal balance whenever the Capital Access Plus Program experiences any claims out of its loan loss reserve account. The activity for the CAPP program is as follows:

Initial agreement	\$200,000
Advances made December 31, 1992	(17,830)
Advances made December 31, 1993	(37,733)
Advances made December 31, 1994	(31,081)
Advances made December 31, 1995	(13,720)
Advances made December 31, 1996	(17,550)
Advances made December 31, 1997	(5,000)
Advances made December 31, 1998	(15,250)
Advances made December 31, 1999	(5,000)
Advances made December 31, 2000	(9,000)
Advances made December 31, 2001	-
Advances made December 31, 2002	-
Advances made December 31, 2003	-
Advances made December 31, 2004	<u>-</u>
Balance available	<u>\$ 47,836</u>

Total claims made out of the Chamber loan reserve accounts are as follows:

December 31, 1992	\$284,143
December 31, 1993	21,506
December 31, 1994	20,903
December 31, 1995	56,910
December 31, 1996	17,432
December 31, 1997	49,932
December 31, 1998	107,344
December 31, 1999	90,851
December 31, 2000	23,067
December 31, 2001	213,548
December 31, 2002	-
December 31, 2003	-
December 31, 2004	<u>-</u>
	<u>\$885,636</u>

B. RELATED PARTY TRANSACTIONS (Continued)

Additionally in the year ended December 31, 2003 the Corporation pledged its certificates of deposit as collateral for an installment loan made to the Greater Akron Chamber. These funds are recorded on the statement of financial position as restricted cash and temporarily restricted net assets. The loan for \$200,000 is payable in monthly installments and matures on December 9, 2008.

C. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of temporary cash investments. The Corporation places its temporary cash investments with financial institutions and other companies. At December 31, 2004 and 2003, there were no uninsured cash balances maintained in financial institutions. Additionally, the Corporation had approximately \$100,000 in 2004 and \$118,000 in 2003 invested in a money market account at a local brokerage firm, which is not insured by the Federal Deposit Insurance Corporation.



BROTT MARDIS & CO.

Certified Public Accountants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of
Community Improvement Corporation of
Summit, Medina and Portage Counties
Akron, Ohio

We have audited the financial statements of Community Improvement Corporation of Summit, Medina and Portage Counties (a nonprofit organization) as of and for the year ended December 31, 2004, and have issued our report thereon dated March 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Community Improvement Corporation of Summit, Medina and Portage Counties' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Summit, Medina and Portage Counties' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and Board of Trustees of Community Improvement Corporation of Summit, Medina and Portage Counties', and is not intended to be and should not be used by anyone other than these specified parties.

Brott Mardis & Co.

Akron, Ohio
March 22, 2005



**Auditor of State
Betty Montgomery**

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**COMMUNITY IMPROVEMENT CORPORATION OF SUMMIT, MEDINA AND
PORTAGE COUNTIES**

SUMMIT COUNTY

CLERK'S CERTIFICATION

**This is a true and correct copy of the report which is required to be filed in
the Office of the Auditor of State pursuant to Section 117.26, Revised Code,
and which is filed in Columbus, Ohio.**

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 10, 2005**