

CANTON COMMUNITY IMPROVEMENT CORPORATION
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2009

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Directors
Canton Community Improvement Corporation
218 Cleveland Avenue SW
5th Floor
Canton, Ohio 44702

We have reviewed the *Independent Auditor's Report* of the Canton Community Improvement Corporation, Stark County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. 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 Canton Community Improvement Corporation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 25, 2010

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**CANTON COMMUNITY IMPROVEMENT CORPORATION
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2009**

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INDEPENDENT AUDITOR'S REPORT

Canton Community Improvement Corporation
218 Cleveland Avenue S.W.
Canton, Ohio 44702

To the Board of Directors:

We have audited the accompanying statement of financial position of the Canton Community Improvement Corporation (CCIC), a component unit of the City of Canton, Stark County, Ohio, as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of CCIC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 the Canton Community Improvement Corporation as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United State of America.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2010, on our consideration of CCIC's internal control over financial reporting and on 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 important for assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

Our audit was conducted for the purpose of forming an opinion on the financial statements of CCIC taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects in relation to the financial statements taken as a whole.

Varney, Fink & Associates

Varney, Fink & Associates, Inc.
Certified Public Accountants

May 13, 2010

Canton Community Improvement Corporation

Management's Discussion and Analysis For the Year Ended December 31, 2009 (Unaudited)

The discussion and analysis for Canton Community Improvement Corporation's (CCIC) financial performance provides an overall review of CCIC for the year ended December 31, 2009. The intent of this discussion and analysis is to look at CCIC's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of CCIC's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2009 are as follows:

- In total, net assets decreased (\$12,778) from 2008. The primary reason for the decrease is due to a reduction in grants received.
- Total assets decreased (\$9,080) from 2008. This is mainly due to a decrease in capital assets.
- Total liabilities increased by \$3,698, which represents a 3.3% increase from 2008. This increase was mainly due to an increase in accounts payable and intergovernmental payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include a statement of financial position, statement of activities, and a statement of cash flows. Since CCIC only uses one fund for its operations, the entity wide and the fund presentation information is the same.

FINANCIAL ANALYSIS

A comparative analysis of 2009 and 2008 is presented below:

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
Current and Other Assets	\$222,126	\$204,631	\$17,495
Capital Assets, Net	<u>786,731</u>	<u>813,306</u>	<u>(26,575)</u>
Total Assets	<u>1,008,857</u>	<u>1,017,937</u>	<u>(9,080)</u>
Current Liabilities	<u>114,356</u>	<u>110,658</u>	<u>3,698</u>
Net Assets			
Invested in Capital Assets	786,731	813,306	(26,575)
Unrestricted	<u>107,770</u>	<u>93,973</u>	<u>13,797</u>
Total Net Assets	<u>\$894,501</u>	<u>\$907,279</u>	<u>(\$12,778)</u>

Canton Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

Changes in Net Assets

The following table shows the changes in net assets for the years 2009 and 2008:

Table 2
Changes in Net Assets

	2009	2008	Increase (Decrease)
<u>Operating Revenues:</u>			
In-kind Contributions	\$15,066	\$10,178	\$4,888
Rental Income	2,878	2,640	238
Grants	631,210	943,740	(312,530)
Other	20,702	18,508	2,194
Total Operating Revenues	669,856	975,066	(305,210)
<u>Operating Expenses:</u>			
<u>Program Services:</u>			
Economic Development Grants	547,557	422,669	124,888
Depreciation	6,775	6,775	0
Total Program Services	554,332	429,444	124,888
<u>Support Services:</u>			
Administrative Wages and Fees	63,414	50,470	12,944
Payroll Taxes	1,446	15,765	(14,319)
Worker's Compensation Insurance	159	194	(35)
Legal and Accounting Fees	9,005	9,461	(456)
Office Expense	24,397	0	24,397
Miscellaneous	10,081	17,193	(7,112)
Total Support Services	108,502	93,083	(8,978)
Total Operating Expenses	662,834	522,527	140,307
Operating Income	7,022	452,539	(445,517)
<u>Non-Operating Expenses:</u>			
Loss on Disposal of Capital Assets	(19,800)	0	(19,800)
Interest and Fiscal Charges	0	(6,320)	6,320
Total Non-Operating Expenses	(19,800)	(6,320)	(13,480)
Change in Net Assets	(12,778)	446,219	(458,997)
Net Assets at Beginning of Year	907,279	461,060	446,219
Net Assets at End of Year	\$894,501	\$907,279	(\$12,778)

Canton Community Improvement Corporation
 Management's Discussion and Analysis
 For the Year Ended December 31, 2009
 (Unaudited)

CAPITAL ASSETS

At the end of 2009, CCIC had \$786,731 invested in capital assets, net of depreciation. The following table shows 2009 and 2008 balances:

Table 3
Capital Assets
(Net of Depreciation)

	2009	2008
Land	\$1,200	\$21,000
Land Held for Future Use	618,461	618,461
Buildings	167,070	173,845
Total Capital Assets	\$786,731	\$813,306

Additional information on CCIC's capital assets can be found in Note 5.

CURRENT FINANCIAL RELATED ACTIVITIES

At December 31, 2009, CCIC had total assets of \$1,008,857 and total net assets of \$894,501 which resulted from a decrease in net assets of (\$12,778). Management continues to monitor all activity affecting the condition of CCIC.

REQUEST FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, and consumers of the City of Canton with a general overview of CCIC's financial position. If you have any questions about this report or need additional financial information, contact Linda Barnes, Director, 218 Cleveland Ave., 5th Floor, Canton, Ohio 44702, 330-489-3344 or email to Linda.Barnes@cantonohio.gov.

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Canton Community Improvement Corporation
Statement of Financial Position
December 31, 2009

Assets

Current:

Cash	\$222,126
Total Current Assets	<u>222,126</u>

Noncurrent:

Capital Assets:

Non-Depreciable Capital Assets	619,661
Depreciable Capital Assets, Net	<u>167,070</u>
Total Capital Assets	<u>786,731</u>

<i>Total Assets</i>	<u><u>1,008,857</u></u>
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Liabilities

Current Liabilities:

Accounts Payable	5,213
Accrued Wages and Benefits	3,307
Unearned Revenue	<u>105,836</u>

<i>Total Liabilities</i>	<u>114,356</u>
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Net Assets

Invested in Capital Assets	786,731
Unrestricted	<u>107,770</u>

<i>Total Net Assets</i>	<u><u>\$894,501</u></u>
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See accompanying notes to the basic financial statements.

Canton Community Improvement Corporation
Statement of Activities
For the Year Ended December 31, 2009

Operating Revenues:

In-Kind Contributions	\$15,066
Rental Income	2,878
Grants	631,210
Other	20,702

Total Operating Revenues 669,856

Operating Expenses:

Program Services:	
Economic Development Grants	547,557
Depreciation	6,775
Total Program Services	<u>554,332</u>

Support Services:

Administrative Wages and Fees	63,414
Payroll Taxes	1,446
Worker's Compensation Insurance	159
Legal and Accounting Fees	9,005
Office Expense	24,397
Miscellaneous	10,081
Total Support Services	<u>108,502</u>

Total Operating Expenses 662,834

Operating Income 7,022

Non-Operating Expenses:

Loss on Disposal of Capital Assets	<u>(19,800)</u>
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Change in Net Assets (12,778)

Net Assets at Beginning of Year 907,279

Net Assets at End of Year \$894,501

See accompanying notes to the basic financial statements.

Canton Community Improvement Corporation
Statement of Cash Flows
For the Year Ended December 31, 2009

Cash Flows from Operating Activities

Cash Received from Grants	\$634,186
Cash Received from Customers	26,367
Cash Payments for Goods and Services	(588,614)
Cash Payments to Employees	<u>(51,468)</u>

Net Cash Provided By Operating Activities 20,471

Net Increase in Cash 20,471

Cash Beginning of Year 201,655

Cash End of Year \$222,126

**Reconciliation of Operating Income to Net Cash
Provided By Operating Activities**

Operating Income \$7,022

Adjustments:

 Depreciation 6,775

Decrease in Assets:

 Accounts Receivable 2,976

Increase (Decrease) in Liabilities:

 Accounts Payable 5,213

 Accrued Wages (1,515)

Net Cash Provided By Operating Activities \$20,471

Non-Cash Operating Activities:

In-Kind Contributions \$15,066

In-Kind Expenses (15,066)

Total Non-Cash Operating Activities: \$0

See accompanying notes to the basic financial statements.

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CANTON COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

Canton Community Improvement Corporation (CCIC), a component unit of the City of Canton, is a non-profit corporation organized under Chapter 1724 of the Ohio Revised Code for the purpose of promoting industrial, economic, commercial and civic development. CCIC has been designated as the City of Canton's agent for industrial and commercial distributions and research development. As agent, CCIC disburses loan and grant funds to recipients for economic development projects approved by the Board of Directors. Because CCIC is only acting as an agent, the City of Canton retains the loans and collects payments on the loans. CCIC uses one fund to account for its activities, an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to private enterprises. The intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City of Canton (the City) is a municipal corporation incorporated under the laws of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, the City's financial statements include all organizations, activities and functions, which comprise the primary government and those legally separate entities for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of the unit's board and either 1) the City's ability to impose its will over the unit, or 2) the possibility that the unit will provide a financial benefit or impose a financial burden to the City. CCIC is a legally separate entity and is reported by the City as a discretely presented component unit in its basic financial statements. CCIC does not include any other units in its presentation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting

The financial statements of CCIC are prepared using the accrual basis of accounting. In the financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the accrual basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. CCIC does not apply FASB statements issued after November 30, 1989, to its enterprise fund.

B. Community development loans

CCIC issues loans to various businesses for the purpose of assisting the establishment of a new business enterprise in the City of Canton and/or continuing or expanding existing business activity.

C. Capital assets

Capital assets represent land and buildings donated or transferred to CCIC by the City of Canton to be used in future economic development projects as well as land currently being utilized for an economic development project. The land and buildings have been recorded at their fair value as of the date of the contribution, or at cost if purchased. Capital assets also include buildings being utilized for an economic development project. These buildings are stated at their fair value as of the date of the contribution, or at cost if purchased. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

CANTON COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

D. Program revenue

Program revenue is derived from a grant passed through from the City of Canton. The grant funds received provide economic development loans and facade improvement grants, as well as administrative expenses of CCIC. Grant revenue is recognized to the extent that expenses eligible for reimbursement under the grant agreement have been incurred during the period.

E. Unearned revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because such amounts have not yet been earned.

F. Federal income tax

Canton Community Improvement Corporation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

G. In-kind Contributions

A City of Canton employee performs services for CCIC, this portion of salaries and related fringe benefits for these services are paid by City of Canton. The estimated fair value of in-kind contribution is reported as a revenue and an expense in the period in which the services are used. CCIC also benefited from the contribution of Board of Directors' time to attend board meetings. The estimated fair value of these members' contribution is not reflected in these statements since it is not susceptible to objective valuation. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

H. Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, 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 support, revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2009, CCIC has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

CANTON COMMUNITY IMPROVEMENT CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standard Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

The implementation of these GASB Statements had no material effect on the financial statements of CCIC.

NOTE 4 – CASH

At December 31, 2009, the bank balance was \$287,081. \$250,000 of this balance was covered by Federal Depository Insurance and \$37,081 was uncollateralized. CCIC has not experienced any losses on this account and management of CCIC believes it is not exposed to any significant credit risk on its cash.

At December 31, 2009 CCIC had no investments.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 is as follows:

	Balance 01/01/09	Additions	Deletions	Balance 12/31/09
Capital Assets not Being Depreciated:				
Land	\$21,000	\$0	(\$19,800)	\$1,200
Land Held for Future Use	618,461	0	0	618,461
Total Capital Assets not Being Depreciated	639,461	0	(19,800)	619,661
Capital Assets Being Depreciated:				
Buildings	271,500	0	0	271,500
Less Accumulated Depreciation	(97,655)	(6,775)	0	(104,430)
Buildings				
Total Capital Assets Being Depreciated, Net	173,845	(6,775)	0	167,070
Total Capital Assets, Net	\$813,306	(\$6,775)	(\$19,800)	\$786,731

CANTON COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 – ACCOUNTS PAYABLE

The accounts payable at December 31, 2009 of \$5,213 consists of \$2,426 of general accounts payable and \$2,787 that is due to the City of Canton.

NOTE 7 – COMMUNITY DEVELOPMENT LOANS

CCIC has awarded ninety-three loans totaling \$3,959,521, of this total \$2,949,128 were provided by Community Development Block Grant (CDBG) funds. If the business has been awarded a Performance Loan (Deferred Loan) and has maintained all of the terms and conditions of the agreement, CCIC shall forgive and cancel the unpaid balance for the specified time stated in the agreement. All other loans have been made at 4% interest, payable monthly. For all loan types, the borrowers must meet certain criteria documented in the loan agreements for receiving these funds. Jobs must be created as a result of the loan, averaging \$5,000 per job. Fifty-one percent or more of the new employees must be in the low to moderate income category. The City of Canton retains the loans and is responsible for the collection of these loans and are therefore not recorded in the financial statements of CCIC.

NOTE 8 – COMMITMENTS

The Board of Directors of CCIC has approved various loans and grants that CCIC has yet to disburse totaling \$409,705. The borrowers must meet certain criteria documented in the loan agreements before they can receive these funds as stated earlier.

NOTE 9 – IN-KIND CONTRIBUTIONS, DONATED FACILITIES AND SERVICES

The City of Canton provides CCIC with office space and various office services without charge. The value of the donated facilities is not recognized in the accompanying financial statements because no objective basis is available to measure the value of the donated facilities. In addition, wages in the amount of \$15,066 were received from the City of Canton.

**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**

Canton Community Improvement Corporation
218 Cleveland Avenue S.W.
Canton, Ohio 44702

To the Board of Directors:

We have audited the financial statements of the Canton Improvement Corporation, Stark County, Ohio (CCIC) as of and for the year ended December 31, 2009, and have issued our report thereon dated May 13, 2010. 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 CCIC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCIC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CCIC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of CCIC's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses, and therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether CCIC's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 non-compliance or other matters we must report under *Government Auditing Standards*.

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* (continued)

This communication is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Varney, Fink & Associates

Varney, Fink & Associates, Inc.
Certified Public Accountants

May 13, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Canton Community Improvement Corporation
218 Cleveland Avenue S.W.
Canton, Ohio 44702

To the Board of Directors:

Compliance

We have audited the compliance of the Canton Community Improvement Corporation (CCIC) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2009. CCIC's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of CCIC's management. Our responsibility is to express an opinion on CCIC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CCIC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CCIC's compliance with those requirements.

In our opinion, CCIC complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of CCIC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered CCIC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)

opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CCIC's internal control over compliance.

A deficiency in an internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected or corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Varney, Fink & Associates

Varney, Fink & Associates, Inc.
Certified Public Accountants

May 13, 2010

Canton Community Improvement Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Program Receipts	Program Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through from City of Canton</i>			
Community Development Black Grant/Entitlement Grants	14.218	\$513,867	\$512,378
Community Development Block Grant ARRA Entitlement Grants(CDBG-R)	14.253	<u>119,503</u>	<u>119,503</u>
Total U.S. Department of Housing and Urban Development - CDBG - Entitlement Grants Cluster		<u>633,370</u>	<u>631,881</u>
Total Expenditures of Federal Awards		<u><u>\$633,370</u></u>	<u><u>\$631,881</u></u>

CANTON COMMUNITY IMPROVEMENT CORPORATION
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Canton Community Improvement Corporation and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CANTON COMMUNITY IMPROVEMENT CORPORATION

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §505**

FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the basic financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the basic financial statement level?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the basic financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the basic financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

CANTON COMMUNITY IMPROVEMENT CORPORATION

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §505**

**FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

(d)(1)(vii)	Major Program:	Community Development Block Grant CFDA# 14.218 and 14.253
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE
REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

CANTON COMMUNITY IMPROVEMENT CORPORATION

STARK 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
JUNE 8, 2010**