

***CLEVELAND CITYWIDE DEVELOPMENT CORPORATION***

**CUYAHOGA COUNTY, OHIO**

**AUDIT REPORT**

**For the Year Ended December 31, 2009**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Cleveland Citywide Development Corporation  
601 Lakeside Avenue, Room 210  
Cleveland, Ohio 44114

We have reviewed the *Report of Independent Accountants* of the Cleveland Citywide Development Corporation, Cuyahoga County, prepared by Charles E. Harris & 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 Cleveland Citywide Development 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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**CLEVELAND CITYWIDE DEVELOPMENT CORPORATION  
CUYAHOGA COUNTY  
Audit Report  
For the Year Ended December 31, 2009**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Cleveland Citywide Development Corporation  
Cuyahoga County  
614 Lakeside Avenue, Room 210  
Cleveland, Ohio 44114

To the Board of Directors:

We have audited the accompanying Statement of Financial Position of the Cleveland Citywide Development Corporation (the CCDC) as of and for the year ended December 31, 2009 and the related Statement of Activities and Changes in Net Assets and the Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the CCDC's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the 2008 financial statements and, in our report dated April 3, 2010 we expressed an unqualified opinion on those financial statements.

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 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 Cleveland Citywide Development Corporation, Cuyahoga County, Ohio, as of December 31, 2009, and the results of its operations and cash flows for the year 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 a report dated May 11, 2010, on our consideration of the Cleveland Citywide Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

***Charles E. Harris & Associates, Inc.***  
May 11, 2010

**CLEVELAND CITYWIDE DEVELOPMENT CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2009**  
**(with comparable totals for December 31, 2008)**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 116,562	\$ 46,841
Prepaid Expenses	1,191	1,192
Short Term Investment (Note 3)	<u>954</u>	<u>950</u>
<b>Total Current Assets</b>	<u>118,707</u>	<u>48,983</u>
<b>Total Assets</b>	<u><u>\$ 118,707</u></u>	<u><u>\$ 48,983</u></u>
<b>Net Assets</b>		
Unrestricted Net Assets	<u>\$ 118,707</u>	<u>\$ 48,983</u>
<b>Total Net Assets</b>	<u><u>\$ 118,707</u></u>	<u><u>\$ 48,983</u></u>

See accompanying notes to the financial statements

**CLEVELAND CITYWIDE DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the year ended December 31, 2009  
(with comparative total for the year ended December 31, 2008)

	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
In-Kind Contribution	\$230,310	\$ 262,374
Closing Fee Revenues	167,265	67,578
Interest Income	<u>35</u>	<u>162</u>
<b>Total Revenues</b>	<b>397,610</b>	<b>330,114</b>
<b>Expenses</b>		
Salaries & Fringe Benefits	226,574	259,039
Office Rent	3,736	3,335
Employee Bonding	692	692
Insurance Expense	1,890	1,890
Professional Services	35,715	18,018
Contribution to City of Cleveland	22,276	11,478
Employee Training Expenses	29,544	27,337
Printing, Marketing and Project Dev.	6,600	6,050
Board of Trustee Expenses	-	4,161
Tax Filing Fee & Penalty	<u>859</u>	<u>945</u>
<b>Total Expenses</b>	<b><u>327,886</u></b>	<b><u>332,945</u></b>
<b>Change in Net Assets</b>	<b>69,724</b>	<b>(2,831)</b>
<b>Net Assets at Beginning of Fiscal Year</b>	<b><u>48,983</u></b>	<b><u>51,814</u></b>
<b>Net Assets at End of Fiscal Year</b>	<b><u><u>\$118,707</u></u></b>	<b><u><u>\$ 48,983</u></u></b>

**CLEVELAND CITYWIDE DEVELOPMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2009  
(with comparative totals for the year ended December 31, 2008)

	<u>2009</u>	<u>2008</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Closing Fee Revenue	\$ 167,265	\$ 67,578
Interest Income	35	162
Cash Paid for Professional Services	(35,715)	(18,018)
Cash paid for State of Ohio Filing Fee	(859)	(945)
Contributions to the City of Cleveland of Economic Development	(22,276)	(11,478)
Cash Paid for Insurances	(2,581)	(2,582)
Cash Paid for Employee Training	(29,544)	(27,337)
Cash for Printing Marketing and Project Development	(6,600)	(6,050)
Cash Paid for Board of Trustee Expenses	-	(4,161)
	<u>69,725</u>	<u>(2,831)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>69,725</b>	<b>(2,831)</b>
Cash and Cash Equivalents at Beginning of Year	47,791	50,622
Cash and Cash Equivalents at End of Year	<u>\$ 117,516</u>	<u>\$ 47,791</u>
Reconciliation Changes in Net Assets to Cash Provided by Operating Activities:		
<b>CHANGES IN NET ASSETS</b>	<b>\$ 69,724</b>	<b>\$ (2,831)</b>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
In-Kind Contributions	230,310	262,374
In-Kind Expenses	(230,310)	(262,374)
Decrease in Prepaid Expenses	(1)	-
	<u>(1)</u>	<u>-</u>
Total Adjustments	<u>(1)</u>	<u>-</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 69,725</b>	<b>\$ (2,831)</b>

See accompanying notes to the financial statements

**Cleveland Citywide Development Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009**

**Note 1 - Summary of Significant Accounting Policies**

**A. Description of the entity**

Cleveland Citywide Development (the CCDC), was organized in June 1981 under Chapter 1724 of the Ohio Revised Code regulating Not-for-Profit Community Improvement Corporations. The Corporation promotes economic development in the City of Cleveland (City) by serving as a fiscal intermediary for loans made to small business and by reviewing loan requests made under other loan programs sponsored by the City. In June 1994 the Corporation converted from a Certified Development Corporation (CDC) to an Associate Development Corporation (ADC). Cleveland Citywide Development Corporation is exempt from Federal income tax under section 501(C) (3) of the Internal Revenue Code.

Cleveland Citywide Development Corporation reviews Economic Development Administration (EDA), Small Business Revolving Loan Fund (SBRLF), Housing and Urban Development Section 108 (HUD-108), Neighborhood Development Investment Fund (NDIF) and Urban Development Action Grant (UDAG) loans, Empowerment Zone (EZ), Core Loans 1 and Core Loans 2, as well as Industrial Development Bonds (IDB) for the City of Cleveland. Repayment of principal and interest will result in additional proceeds that can be loaned to other eligible small business concerns. With the exception of the HUD-108 and IDB programs, all programs are designed as revolving loan programs.

**B. Basis of accounting**

The accounting records of Cleveland Citywide Development Corporation are maintained on the accrual basis of accounting.

**C. In-Kind**

The City of Cleveland paid the salaries and related fringe benefits of the CCDC staff and provides office space at no cost to CCDC.

The estimated fair value of the in-kind contribution is reported as revenue and expenses in the period in which the services or facilities are used. CCDC also benefited from the contribution of the Trustees and Loan Committee members' 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.

Contributions are recognized when the donor makes a promise to give to the Corporation, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

CCDC has determined that there are no donor imposed restrictions on any of its net assets and all net assets as of December 31, 2009 were unrestricted net assets.

**Cleveland Citywide Development Corporation**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2009**

**Note 2 – Investments**

CCDC's short term investment consists of a variable interest rate 91-day certificate of deposit. As of December 31, 2009, the interest rate on this certificate of deposit was 0.20%. The 91-day certificate of deposit is shown as a cash and cash equivalent in the Statement of Cash Flows.

**Note 3 - Contributions to the City of Cleveland**

The CCDC contributed office related expenses of \$22,276 to the City of Cleveland Department of Economic Development during fiscal year 2009. In addition to these contributions, CCDC also provided employee training expenses to the City of Cleveland Department of Economic Development of an additional \$29,544.

**Note 4 – Use of Estimates**

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

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Cleveland Citywide Development Corporation  
Cuyahoga County  
614 Lakeside Avenue, Room 210  
Cleveland, Ohio 44114

To the Board of Directors:

We have audited the financial statements of Cleveland Citywide Development Corporation, Cuyahoga County, Ohio (the CDCC) as of and for the year ended December 31, 2009, and have issued our report thereon dated May 11, 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 Controls Over Financial Reporting**

In planning and performing our audit, we considered the CDCC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the CDCC's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the CDCC'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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the CDCC's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

**Compliance and Other Matters**

As part of reasonably assuring whether the CDCC's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants 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 noncompliance or other matters we must report under *Government Auditing Standards*.

**We intend this report solely for the information and use of management, the audit committee, the Board of Directors and others within the CDCC. We intend it for no one other than these specified parties.**

***Charles E. Harris and Associates, Inc.***

**May 11, 2010**

**CLEVELAND CITYWIDE DEVELOPMENT CORPORATION  
CUYAHOGA COUNTY  
For the year ended December 31, 2009**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, for the year ending December 31, 2008, reported no material citations or recommendations.



**Mary Taylor, CPA**  
Auditor of State

**CLEVELAND CITYWIDE DEVELOPMENT CORPORATION**

**CUYAHOGA 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 22, 2010**