

**COMMUNITY IMPROVEMENT CORPORATION OF  
CUYAHOGA FALLS**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**





# Dave Yost • Auditor of State

Board of Trustees  
Community Improvement Corporation of Cuyahoga Falls  
2310 Second Street  
Cuyahoga Falls, Ohio 44221

We have reviewed the *Independent Auditors' Report* of the Community Improvement Corporation of Cuyahoga Falls, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2010 through December 31, 2010. 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 Cuyahoga Falls is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 25, 2011

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**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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## Independent Auditors' Report

Board of Trustees  
Community Improvement Corporation  
of Cuyahoga Falls  
Cuyahoga Falls, Ohio

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Cuyahoga Falls (the "Corporation") (a nonprofit organization), a component unit of the City of Cuyahoga Falls, Ohio, as of December 31, 2010, and the related statements of activities and cash flows for the year 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 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 Corporation, as of December 31, 2010, and the respective changes in net assets 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 our report dated June 24, 2011 on our consideration of the Corporation'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 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 considered in assessing the results of our audit.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
June 24, 2011

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**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**

**Assets**

**Current Assets**

Cash	\$ 737,329
Accrued Interest Receivable	3,912
Loan Receivable - Current	36,293
Prepaid Items	255
Total Current Assets	<u>777,789</u>
Loan Receivable - Net of Current	25,829
<b>Total Assets</b>	<b><u><u>803,618</u></u></b>

**Net Assets**

Unrestricted	175,468
Temporarily Restricted	628,150
<b>Total Net Assets</b>	<b><u><u>\$ 803,618</u></u></b>

The notes to the financial statements are an integral part of this statement.



**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Revenues</u></b>			
Interest	\$ 6,149	\$ -	\$ 6,149
Rents	9,920	-	9,920
<b>Total Revenue</b>	<u>16,069</u>	<u>-</u>	<u>16,069</u>
<b><u>Expenses</u></b>			
Property Taxes	17,331	-	17,331
Insurance	1,275	-	1,275
Professional Services	11,519	-	11,519
Accounting and Audit	4,437	-	4,437
Miscellaneous	745	-	745
Bad Debt	17,500	-	17,500
<b>Total Expenses</b>	<u>52,807</u>	<u>-</u>	<u>52,807</u>
Change in Net Assets	(36,738)	-	(36,738)
Net Assets, Beginning of Year	212,206	628,150	840,356
<b>Net Assets, End of Year</b>	<u>\$ 175,468</u>	<u>\$ 628,150</u>	<u>\$ 803,618</u>

The notes to the financial statements are an integral part of this statement.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Unrestricted	Temporarily Restricted	Total
<b><u>Cash Flows from Operating Activities</u></b>			
Cash Received from Other Sources	\$ 17,040	\$ -	\$ 17,040
Cash Payments for Operating Expenses	(67,634)	-	(67,634)
<b>Net Cash Used For Operating Activities</b>	<b>(50,594)</b>	<b>-</b>	<b>(50,594)</b>
Net Decrease in Cash	(50,594)	-	(50,594)
Cash and Cash Equivalents, Beginning of Period	159,773	628,150	787,923
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 109,179</b>	<b>\$ 628,150</b>	<b>\$ 737,329</b>
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u></b>			
Operating Loss	\$ (36,738)	\$ -	\$ (36,738)
Change in Assets and Liabilities:			
(Increase) Decrease in:			
Loan Receivable	(12,122)	-	(12,122)
Accrued Interest Receivable	593	-	593
Prepaid Items	(255)	-	(255)
Increase (Decrease) in:			
Accounts Payable	(2,072)	-	(2,072)
<b>Net Cash Used For Operating Activities</b>	<b>\$ (50,594)</b>	<b>\$ -</b>	<b>\$ (50,594)</b>

The notes to the financial statements are an integral part of this statement.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE 1: ORGANIZATION AND PURPOSE**

The Community Improvement Corporation of Cuyahoga Falls (the Corporation) was formed in June 1970 and incorporated as a corporation not-for-profit under Title XVII, Chapters 1702 and 1724 of the Ohio Revised Code. The Corporation is discretely presented as a component unit of the City of Cuyahoga Falls.

The stated purpose of the Corporation is to advance, encourage, and promote the industrial, commercial, civic, and economic development of the City of Cuyahoga Falls, Ohio, under the applicable sections of the Ohio Revised Code.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Corporation is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The Corporation accounts for period revenue and expense using the accrual method, recognizing revenues when earned and expenses when incurred.

**A. Financial Statement Presentation**

On September 30, 2009, the Corporation adopted authoritative guidance issued by the Financial Accounting Standards Board ("FASB") which establishes the FASB Accounting Standards Codification ("ASC") as the single source of authoritative accounting principles generally accepted in the United States of America. The Corporation has modified its disclosures in this report to comply with those requirements. Accordingly, references to authoritative accounting principles after the effective date will reference the codification and not the previous accounting guidance. The adoption of the guidance did not have a material effect on the Corporation's financial position, changes in net assets, or cash flows.

The Corporation prepares its financial statements in accordance with the not-for-profit entities of the FASB ASC.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

NOTE 2: **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Income Taxes**

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501c (4) of the Internal Revenue Code. The Corporation is not classified as a private foundation and, as such, is not subject to Federal, State, or local income taxes.

C. **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

D. **Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3: **LOANS RECEIVABLE**

In 2010, the Corporation pursued collections through legal proceedings on an existing loan with LeFever's Riverfront Grille that had become delinquent on their debt service requirements. As of December 31, 2010, the Corporation has estimated collections on this loan to be \$32,500. See Note 8 for further information pertaining to this loan.

In 2010, the Corporation entered into a loan with Cashmere Cricket. The loan was in the amount of \$30,000 with an annual interest rate of 4.00 percent. The purpose of the loan was for working capital and the purchase of equipment. Monthly installments began December 15, 2010 and will cease on November 15, 2017. As of December 31, 2010, the loan receivable balance is \$29,622, with \$3,793 collectible in one year.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

**NOTE 4: CASH AND CASH EQUIVALENTS**

At December 31, 2010, cash and cash equivalents consist of the following:

	2010 <u>Balance</u>
Checking	\$ 403,699
Money Market Savings	<u>333,630</u>
Total Cash and Cash Equivalents	<u>\$ 737,329</u>

Bank balances of \$500,000 were covered by the Federal Deposit Insurance Corporation and the remaining \$237,329 was collateralized.

**NOTE 5: NET ASSETS**

**Unrestricted Funds**

These funds have no imposed stipulations and the funds are used for general operating purposes deemed necessary by the Board of Trustees.

**Temporarily Restricted Funds**

Tax Incentive Financing funds (TIF) are restricted for the acquisition of property, clearance, and redevelopment or rehabilitation of the Front and Center Renewal Project Area, and for the future uses of land situation within the project area. After December 31, 2008, the Corporation will no longer receive TIF funds from the City of Cuyahoga Falls.

**NOTE 6: NET ASSETS RELEASED FROM RESTRICTIONS**

**Temporarily Restricted Net Assets**

Net assets were released from temporary restrictions during the year ended December 31, 2010, by incurring expenses satisfying the restricted purposes of the TIF agreement. During 2010, the Corporation released \$30,000 of temporary restricted net assets for the purpose of providing a working capital loan to a business in the Front and Center Renewal Project Area.

**NOTE 7: CONTINGENCIES**

The Corporation is involved in a lawsuit related to the normal course of business. Management believes that the outcome of such lawsuit will not have a material adverse effect on the Corporation's financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

**NOTE 8: SUBSEQUENT EVENTS**

On January 27, 2011, the Corporation received a \$600,000 letter of credit with a bank to collateralize accounts being held that have deposits in excess of the FDIC coverage. No amounts have been drawn on this letter of credit.

The Corporation has settled a lawsuit brought against the former owner of LeFever's Riverfront Grille. The settlement includes the former owner of LeFever's Riverfront Grille to pay \$32,500 in delinquent principal and interest payments to the Corporation for the release of any further obligations. The settlement is in the process of being documented.

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 24, 2011, the date the financial statement were available to be issued.

**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***

Board of Trustees  
Community Improvement Corporation  
of Cuyahoga Falls  
Cuyahoga Falls, Ohio

We have audited the financial statements of the Community Improvement Corporation of Cuyahoga Falls (the “Corporation”) (a nonprofit organization), a component unit of the City of Cuyahoga Falls, Ohio, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 24, 2011. 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 the Corporation’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 the Corporation’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation’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 the Corporation’s financial statements will not be prevented, or detected and corrected on a timely basis.

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 to be material weaknesses, as defined above.

Board of Trustees  
Community Improvement Corporation  
of Cuyahoga Falls  
Cuyahoga Falls, Ohio

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's 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 management, the Board of Trustees, others within the entity, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Ciuni & Parichi, Inc.*

Cleveland, Ohio  
June 24, 2011





# Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS**

**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  
AUGUST 4, 2011**