

**CANTON COMMUNITY IMPROVEMENT CORPORATION**  
**SINGLE AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

Varney, Fink & Associates, Inc.  
Certified Public Accountants





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Canton Community Improvement Corporation, Stark County, prepared by Varney, Fink & Associates, 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 Canton Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 2, 2011

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**CANTON COMMUNITY IMPROVEMENT CORPORATION**  
**SINGLE AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying statement of financial position of the Canton Community Improvement Corporation (a nonprofit organization and a component unit of the City of Canton) 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 Canton Community Improvement Corporation's (the Corporation) 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 Canton Community Improvement Corporation as of December 31, 2010, 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 States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

## INDEPENDENT ACCOUNTANTS' REPORT (continued)

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis as listed in the table of contents, to supplement the financial statements. Although this information is not part of the financial statements, the Governmental Accounting Standards Board considers it essential for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that comprise the Corporation's financial statements taken as a whole. The federal awards expenditure schedule provides additional information as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Varney, Fink & Associates*

Varney, Fink & Associates, Inc.  
Certified Public Accountants

May 12, 2011



## ***Canton Community Improvement Corporation***

### Management's Discussion and Analysis For the Year Ended December 31, 2010 (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, 2010. 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 2010 are as follows:

- In total, net assets increased \$75,105 from 2009. The primary reason for the increase is due to an increase in capital assets.
- Total assets increased \$35,756 from 2009. This is mainly due to an increase in capital assets.
- Total liabilities decreased by \$39,349, which represents a 34.4% decrease from 2009. This decrease was mainly due to a decrease in unearned revenue.
- The total revenue amounted to \$828,424 in 2010, which is an increase of \$158,568 from 2009 or 23.7%. An increase in the CDBG grants and the recognition of other revenue were the main reasons for the increase in revenue.
- The \$40,496 increase in total expenses from 2009 was caused by an increase in the Economic Development Grants expense.

#### **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 2010 and 2009 is presented below:

	<b>Table 1</b>		
	<b>Net Assets</b>		
	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Current and Other Assets	\$203,131	\$222,126	(\$18,995)
Capital Assets, Net	841,482	786,731	54,751
Total Assets	<u>1,044,613</u>	<u>1,008,857</u>	<u>35,756</u>
Current Liabilities	<u>75,007</u>	<u>114,356</u>	<u>(39,349)</u>
Net Assets			
Invested in Capital Assets	841,482	786,731	54,751
Unrestricted	<u>128,124</u>	<u>107,770</u>	<u>20,354</u>
Total Net Assets	<u>\$969,606</u>	<u>\$894,501</u>	<u>\$75,105</u>

**Canton Community Improvement Corporation**

Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
(Unaudited)

**Changes in Net Assets**

The following table shows the changes in net assets for the years 2010 and 2009:

**Table 2**  
**Changes in Net Assets**

	2010	2009	Increase (Decrease)
Operating Revenues:			
In-Kind Contributions	\$15,854	\$15,066	\$788
Rental Income	2,798	2,878	(80)
Grants	762,000	631,210	130,790
Other	47,772	20,702	27,070
Total Operating Revenues	828,424	669,856	158,568
<u>Operating Expenses:</u>			
Program Services:			
Economic Development Grants	588,053	547,557	40,496
Depreciation	6,775	6,775	0
Total Program Services	594,828	554,332	40,496
Support Services:			
Administrative Wages and Fees	68,379	63,414	4,965
Payroll Taxes	1,756	1,446	310
Workers' Compensation Insurance	144	159	(15)
Legal and Accounting Fees	9,011	9,005	6
Consulting Expense	24,061	-	24,061
Office Expense	1,238	24,397	(23,159)
Miscellaneous	53,902	10,081	43,821
Total Support Services	158,491	108,502	49,989
Total Operating Expenses	753,319	662,834	90,485
Operating Income	75,105	7,022	68,083
<u>Non-Operation Expenses:</u>			
Loss on Disposal of Capital Assets	-	(19,800)	19,800
Change in Net Assets	75,105	(12,778)	87,883
Net Assets at Beginning of Year	894,501	907,279	(12,778)
Net Assets at End of Year	\$969,606	\$894,501	\$75,105

**Canton Community Improvement Corporation**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
(Unaudited)

**CAPITAL ASSETS**

At the end of 2010, CCIC had \$841,482 invested in capital assets, net of depreciation. The following table shows 2010 and 2009 balances:

**Table 3**  
**Capital Assets**  
**(Net of Depreciation)**

	<u>2010</u>	<u>2009</u>
Land	\$1,200	\$1,200
Land Held for Future Use	618,461	618,461
Construction in Progress	61,526	-
Buildings	<u>160,295</u>	<u>167,070</u>
Total Capital Assets	<u>\$841,482</u>	<u>\$786,731</u>

Additional information on CCIC's capital assets can be found in Note 4.

**CURRENT FINANCIAL RELATED ACTIVITIES**

At December 31, 2010, CCIC had total assets of \$1,044,613 and total net assets of \$969,606 which resulted from an increase in net assets of \$75,105. 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](mailto:Linda.Barnes@cantonohio.gov).

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**Canton Community Improvement Corporation**  
**Statement of Financial Position**  
**December 31, 2010**

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**Assets**

Current:

Cash	\$189,576
Accounts Receivable	233
Intergovernmental Receivable	13,322
Total Current Assets	<u>203,131</u>

Noncurrent:

Capital Assets:

Non-Depreciable Capital Assets	681,187
Depreciable Capital Assets, Net	<u>160,295</u>
Total Capital Assets	841,482

<i>Total Assets</i>	<u>1,044,613</u>
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**Liabilities**

Current Liabilities:

Accounts Payable	3,043
Accrued Wages and Benefits	4,110
Unearned Revenue	<u>67,854</u>

<i>Total Liabilities</i>	<u>75,007</u>
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**Net Assets**

Invested in Capital Assets	841,482
Unrestricted	<u>128,124</u>

<i>Total Net Assets</i>	<u><u>\$969,606</u></u>
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The accompanying notes are an integral part of these financial statements.

**Canton Community Improvement Corporation**  
**Statement of Activities**  
**For the Year Ended December 31, 2010**

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**Operating Revenues:**

In-Kind Contributions	\$15,854
Rental Income	2,798
Grants	762,000
Other	47,772

<i>Total Operating Revenues</i>	<u>828,424</u>
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**Operating Expenses:**

Program Services:	
Economic Development Grants	588,053
Depreciation	6,775
Total Program Services	<u>594,828</u>

Support Services:

Administrative Wages and Fees	68,379
Payroll Taxes	1,756
Worker's Compensation Insurance	144
Legal and Accounting Fees	9,011
Consulting Fees	24,061
Office Expense	1,238
Miscellaneous	53,902
Total Support Services	<u>158,491</u>

<i>Total Operating Expenses</i>	<u>753,319</u>
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<i>Operating Income</i>	<u>75,105</u>
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<i>Net Assets at Beginning of Year</i>	894,501
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<i>Net Assets at End of Year</i>	<u><u>\$969,606</u></u>
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The accompanying notes are an integral part of these financial statements.

**Canton Community Improvement Corporation**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2010**

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<b>Cash Flows from Operating Activities</b>	
Cash Received from Grants	\$748,678
Cash Received from Customers	12,355
Cash Payments for Goods and Services	(678,589)
Cash Payments to Employees	<u>(53,468)</u>
<i>Net Cash Provided By Operating Activities</i>	<u>28,976</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of Capital Assets	<u>(61,526)</u>
<i>Net Decrease in Cash</i>	(32,550)
<i>Cash Beginning of Year</i>	<u>222,126</u>
<i>Cash End of Year</i>	<u><u>\$189,576</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>	
Operating Income	\$75,105
Adjustments:	
Depreciation	6,775
Increase in Assets:	
Accounts Receivable	(233)
Intergovernmental Receivable	(13,322)
Increase (Decrease) in Liabilities:	
Accounts Payable	(2,170)
Accrued Wages	803
Unearned Revenue	<u>(37,982)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$28,976</u></u>
<b>Non-Cash Operating Activities:</b>	
In-Kind Contributions	\$15,854
In-Kind Expenses	<u>(15,854)</u>
<i>Total Non-Cash Operating Activities:</i>	<u><u>\$0</u></u>

The accompanying notes are an integral part of these financial statements.

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

**NOTE 1 – NATURE OF ACTIVITIES**

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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

D. Grant revenue

Grant revenue is derived 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

CCIC is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

G. In-kind Contributions

City of Canton employees perform services for CCIC. The portion of salaries and related fringe benefits for these services are paid by the 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 – CASH**

At December 31, 2010, the bank balance was \$189,576. The entire bank balance was covered by Federal Depository Insurance. 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, 2010 CCIC had no investments.

CANTON COMMUNITY IMPROVEMENT CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010 is as follows:

	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Capital Assets not Being Depreciated:				
Land	\$1,200	\$0	\$0	\$1,200
Land Held for Future Use	618,461	0	0	618,461
Construction in Progress	0	61,526	0	61,526
<b>Total Capital Assets not Being Depreciated</b>	<b>619,661</b>	<b>61,526</b>	<b>0</b>	<b>681,187</b>
Capital Assets Being Depreciated:				
Buildings	271,500	0	0	271,500
<b>Total Capital Assets Being Depreciated</b>	<b>271,500</b>	<b>0</b>	<b>0</b>	<b>271,500</b>
Less Accumulated Depreciation				
Building	(104,430)	(6,775)	0	(111,205)
<b>Total Capital Assets Being Depreciated, Net</b>	<b>167,070</b>	<b>(6,775)</b>	<b>0</b>	<b>160,295</b>
<b>Total Capital Assets, Net</b>	<b>\$786,731</b>	<b>\$54,751</b>	<b>\$0</b>	<b>\$841,482</b>

**NOTE 5 – COMMUNITY DEVELOPMENT LOANS**

CCIC has awarded ninety-six loans totaling \$4,373,137, of this total \$3,654,990 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. 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. 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 6 – COMMITMENTS**

The Board of Directors of CCIC has approved various loans and grants that CCIC has yet to disburse totaling \$413,290. The borrowers must meet certain criteria documented in the loan agreements before they can receive these funds as stated earlier.

**NOTE 7 – 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 \$15,854 were received from the City of Canton.

CANTON COMMUNITY IMPROVEMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**NOTE 8 – SUBSEQUENT EVENTS**

CCIC has evaluated subsequent events for recognition and/or disclosure through May 12, 2011, the date the financial statement were issued.

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

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

To the Board of Trustees:

We have audited the financial statements of the Canton Community Improvement Corporation (a nonprofit organization and component unit of the City of Canton) as of and for the year ended December 31, 2010 and have issued our report dated May 12, 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Canton Community Improvement Corporation's (the Corporation) 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 opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined 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, 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 Corporation'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.

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

**Compliance and Other Matters**

As part of reasonably assuring whether the Corporation'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 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 Board of Trustees, and others within the Corporation. We intend it for no one other than these specified parties.

*Varney, Fink & Associates*

Varney, Fink & Associates, Inc.  
Certified Public Accountants

May 12, 2011

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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

To the Board of Trustees:

**Compliance**

We have audited the compliance of the Canton Community Improvement Corporation (a nonprofit organization and component unit of the City of Canton) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could directly and materially affect each of the Canton Community Improvement Corporation's (the Corporation) major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Corporation's major federal programs. The Corporation's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Corporation'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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Corporation's compliance with those requirements.

In our opinion, the Corporation, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133 (continued)

**Internal Control Over Compliance**

The Corporation's, management 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 the Corporation's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining 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 opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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.

We intend this report solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

*Varney, Fink & Associates*

Varney, Fink & Associates, Inc.  
Certified Public Accountants

May 12, 2011



**Canton Community Improvement Corporation**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2010**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Program Receipts	Program Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through the City of Canton</i>			
Community Development Block Grant/Entitlement Grants	14.218	\$446,398	\$473,407
ARRA Community Development Block Grant Entitlement Grants(CDBG-R)	14.253	<u>302,280</u>	<u>282,193</u>
Total U.S. Department of Housing and Urban Development - CDBG - Entitlement Grants Cluster		<u>748,678</u>	<u>755,600</u>
Total Federal Awards		<u><u>\$748,678</u></u>	<u><u>\$755,600</u></u>

**CANTON COMMUNITY IMPROVEMENT CORPORATION**  
**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the 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, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major federal programs reported?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control over major federal programs reported?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(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, 2010  
(CONTINUED)**

(d)(1)(vii)	Major Programs:	Community Development Block Grant CFDA# 14.218 and ARRA Community Development Block Grant CFDA# 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?	Yes

**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

**4. PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



# Dave Yost • 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 14, 2011**