

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION

CUYAHOGA COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2010

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



Dave Yost • Auditor of State

Board of Directors
Cleveland Citywide Development Corporation
614 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, 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 Cleveland Citywide Development 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

April 28, 2011

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CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
CUYAHOGA COUNTY
Audit Report
For the Year Ended December 31, 2010

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

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, 2010 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 2009 financial statements and, in our report dated May 11, 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, 2010, 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 April 6, 2011, 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

Charles E. Harris & Associates, Inc.
April 6, 2011

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2010
(WITH COMPARABLE TOTALS FOR DECEMBER 31, 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets:		
Cash	\$ 481,229	\$ 116,562
Prepaid Expenses	546	1,191
Short Term Investment (Note 3)	<u>954</u>	<u>954</u>
Total Current Assets	<u>482,729</u>	<u>118,707</u>
Total Assets	<u><u>\$ 482,729</u></u>	<u><u>\$ 118,707</u></u>
Net Assets		
Unrestricted Net Assets	<u>\$ 482,729</u>	<u>\$ 118,707</u>
Total Net Assets	<u><u>\$ 482,729</u></u>	<u><u>\$ 118,707</u></u>

See accompanying notes to the financial statements

**CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTAL FOR THE YEAR ENDED DECEMBER 31, 2009)**

	<u>2010</u>	<u>2009</u>
Revenues		
In-Kind Contribution	\$203,792	\$ 230,310
Closing Fee Revenues	494,437	167,265
Interest Income	<u>98</u>	<u>35</u>
Total Revenues	698,327	397,610
Expenses		
Salaries & Fringe Benefits	200,458	226,574
Office Rent	3,334	3,736
Employee Bonding	864	692
Insurance Expense	2,363	1,890
Professional Services	43,439	35,715
Contribution to City of Cleveland	43,244	22,276
Employee Training Expenses	29,709	29,544
Printing, Marketing and Project Dev.	2,265	6,600
Board of Trustee Expenses	7,929	-
Tax Filing Fee & Penalty	<u>700</u>	<u>859</u>
Total Expenses	<u>334,305</u>	<u>327,886</u>
Change in Net Assets	364,022	69,724
Net Assets at Beginning of Fiscal Year	<u>118,707</u>	<u>48,983</u>
Net Assets at End of Fiscal Year	<u><u>\$482,729</u></u>	<u><u>\$ 118,707</u></u>

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Closing Fee Revenue	\$ 494,437	\$ 167,265
Interest Income	98	35
Cash Paid for Professional Services	(43,439)	(35,715)
Cash paid for State of Ohio Filing Fee	(700)	(859)
Contributions to the City of Cleveland of Economic Development	(43,244)	(22,276)
Cash Paid for Insurances	(2,582)	(2,581)
Cash Paid for Employee Training	(29,709)	(29,544)
Cash for Printing Marketing and Project Development	(2,265)	(6,600)
Cash Paid for Board of Trustee Expenses	<u>(7,929)</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	364,667	69,725
Cash and Cash Equivalents at Beginning of Year	<u>117,516</u>	<u>47,791</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 482,183</u></u>	<u><u>\$ 117,516</u></u>
Reconciliation Changes in Net Assets to Cash Provided by Operating Activities:		
CHANGES IN NET ASSETS	\$ 364,022	\$ 69,724
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
In-Kind Contributions	203,792	230,310
In-Kind Expenses	(203,792)	(230,310)
Decrease in Prepaid Assets	<u>645</u>	<u>1</u>
Total Adjustments	<u>645</u>	<u>1</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 364,667</u>	<u>\$ 69,725</u>

Cleveland Citywide Development Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 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, 2010 were unrestricted net assets.

Cleveland Citywide Development Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 2 – Investments

CCDC's short term investment consists of a variable interest rate 91-day certificate of deposit. As of December 31, 2010, the interest rate on this certificate of deposit was 0.10%. 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 \$43,244 to the City of Cleveland Department of Economic Development during fiscal year 2010. In addition to these contributions, CCDC also provided employee training expenses to the City of Cleveland Department of Economic Development of an additional \$29,709.

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.

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

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**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 the Cleveland Citywide Development Corporation, Cuyahoga County, Ohio (the CDCDC), as of and for the year ended December 31, 2010, and have issued our report thereon dated April 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 CDCDC'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 CDCDC's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the CDCDC'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 CDCDC'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*.

This report is intended solely for the information and use of the management and the CCDC Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris and Associates

Charles E. Harris and Associates, Inc.

April 6, 2011

Cleveland Citywide Development Corporation
CUYAHOGA COUNTY
For the Year Ended December 31, 2010

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending December 31, 2009, reported no material citations or recommendations.



Dave Yost • 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
MAY 12, 2011**