

CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

CUYAHOGA COUNTY

JANUARY 1, 2009 TO DECEMBER 31, 2009

REGULAR AUDIT



Dave Yost • Auditor of State

Board of Directors
Cuyahoga County Community Improvement Corporation
200 Tower City Center
50 Public Square
Cleveland, Ohio 44113

We have reviewed the *Independent Auditor's Report* of the Cuyahoga County Community Improvement Corporation, Cuyahoga County, prepared by H&J Certified Public Accountants, 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.

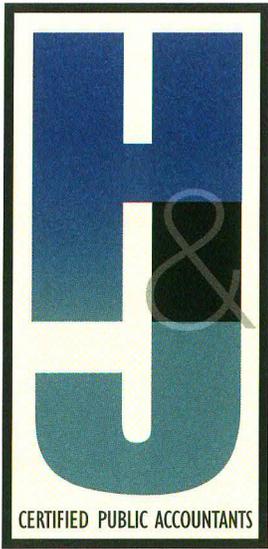
Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cuyahoga County Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

February 1, 2011

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CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

H&J Certified Public
Accountants, Inc.

37131 Euclid Avenue

Willoughby, OH 44094

phone: 440.951.2997

fax: 440.951.0931

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
CUYAHOGA COUNTY COMMUNITY
IMPROVEMENT CORPORATION

We have audited the accompanying statement of financial position of Cuyahoga County Community Improvement Corporation (CCCIC) (an Ohio nonprofit corporation) as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Cuyahoga County Community Improvement Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 CCCIC as of December 31, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2010, on our consideration of CCCIC'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 should be read in conjunction with this report in considering the results of our audit.

Cleveland, Ohio
May 17, 2010

H·J
Certified Public Accountants



CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
ASSETS		
Cash & Cash Equivalents	\$ 44,946	\$ 53,261
Restricted Cash - Fiscal Sponsor	200,090	
Short-Term Investments - CDs	208,491	195,049
Interest Receivable	<u>1,286</u>	<u>1,644</u>
Total Assets	<u>\$ 454,813</u>	<u>\$ 249,954</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 65	\$ 252
Due Grow Cuyahoga County Fund	35,000	
Fiscal Sponsor Funds	200,090	
Total Liabilities	<u>235,155</u>	<u>252</u>
NET ASSETS		
Unrestricted Net Assets	<u>219,658</u>	<u>249,702</u>
Total Liabilities and Net Assets	<u>\$ 454,813</u>	<u>\$ 249,954</u>

See accompanying notes.



CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
IDRB Origination Fees	\$ 21,070	\$ 23,900
Interest Income	4,592	8,192
IDRB Application Fees	2,000	1,000
	<u>27,662</u>	<u>33,092</u>
EXPENSES		
Grow Cuyahoga County Grant Expense	35,000	
Compensation	13,213	13,064
Professional Fees	5,416	4,526
Office Expense	4,077	4,244
	<u>57,706</u>	<u>21,834</u>
CHANGE IN NET ASSETS	(30,044)	11,258
NET ASSETS (UNRESTRICTED) – BEGINNING OF YEAR	<u>249,702</u>	<u>238,444</u>
NET ASSETS (UNRESTRICTED) – END OF YEAR	<u>\$ 219,658</u>	<u>\$ 249,702</u>

See accompanying notes.



CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (30,044)	\$11,258
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by(Used by) Operating Activities:		
Interest Reinvested	(13,442)	(4,776)
Changes in Operating Assets & Liabilities:		
Accounts Receivable	-	9,659
Interest Receivable	358	1,056
Accounts Payable	(187)	177
Due Grow Cuyahoga County Fund	35,000	
Net Cash Provided by (Used by) Operating Activities	<u>(8,315)</u>	<u>17,374</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	(8,315)	17,374
CASH & CASH EQUIVALENTS – BEGINNING OF YEAR	<u>53,261</u>	<u>35,887</u>
CASH & CASH EQUIVALENTS – END OF YEAR	<u>\$ 44,946</u>	<u>\$53,261</u>

See accompanying notes.



CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTES:

1. PURPOSE AND NATURE OF OPERATIONS

Cuyahoga County Community Improvement Corporation ("CCCIC") was incorporated in 1982 for the purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the Ohio County of Cuyahoga.

CCCIC was formed by a partnership of the Board of County Commissioners of Cuyahoga County (Ohio) and the Greater Cleveland Partnership (a nonprofit corporation). The CCCIC Board of Directors is required to be composed of five (5) appointed or elected officers of Cuyahoga County and six (6) persons nominated by the Greater Cleveland Partnership ("Partnership").

CCCIC acts as the designated agency of Cuyahoga County and of any municipal corporations located therein that may thereafter designate the CCCIC as their agency to promote and encourage the establishment and growth in such subdivisions of the industrial, commercial, distribution and research facilities in accordance with Section 1724.10 of the Ohio Revised Code.

CCCIC's website address is:

<http://bocc.cuyahogacounty.us/en-US/community-improvement.aspx>.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

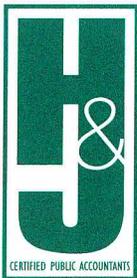
The financial statements of CCCIC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables from its customers. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

REVENUES

The primary source of the CCCIC's revenue is fees earned for reviewing Industrial Revenue Development Bond (IRDB) applications for the possible recommendation to Cuyahoga County or other political subdivision that the IRDB be issued. Fees are equal to the greater of one-tenth of one percent of the IRDB issue or \$1,000, \$500 of which is nonrefundable and is paid at the time the application is first considered. This nonrefundable amount is recognized as revenue at the time the application is considered, while the remaining portion of the fee is recognized at the time the IRDB is issued.



CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTES (CONTINUED):

EXPENSES

Expenses include a salary, payroll tax and fringe benefit allocation of employees of the Partnership who are responsible for the administration of CCCIC. Expenses also include an allocation from the Partnership for expenses relating to rent, facility maintenance, utilities and office supplies which are included in Office Expense in the Statement of Activities.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of periodic temporary investments of excess cash. The Organization places its temporary excess cash in high quality financial institutions. Portions of these instruments are in excess of the Federal Deposit Insurance Corporation (FDIC) limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and short-term investments.

DONATED MATERIALS AND SERVICES

Donated property, marketable securities and other non-cash donations are recorded as contributions at their fair market value at the date of donation.

Board members and some volunteers of CCCIC have donated significant amounts of time in furthering the CCCIC's programs and objectives. These services are in the areas of: strategic planning, legal, budgeting, fund raising and computer technology. No amounts have been included in the financial statements for donated member or volunteer services described above since they did not meet the criteria for recognition under FASB ASC 958-605-50.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts on deposit with commercial banks in interest bearing accounts, non-interest bearing accounts and certain certificates of deposit, all available within ninety (90) days following demand.

SHORT-TERM INVESTMENTS

Short-term investments consist of certificates of deposit at financial institutions maturing in less than one (1) year.



CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTES (CONTINUED):

INCOME TAX STATUS

CCCIC is organized as a not-for-profit organization exempt from income tax under 501(c)(4) of the Internal Revenue Code. Income taxes on unrelated business income, if any, are provided at the applicable rates on income for financial reporting purposes.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB ASC 740-10-55 "Income Taxes," an interpretation that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Organization's Form 990, **Return of Organization Exempt from Income Tax**. The Organization adopted the standard in 2009. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2006 through 2009. In evaluating the Organization's activities, the Organization believes its position of tax-exempt status is current based on current facts and circumstances. They further have assessed that there are no activities unrelated to the purpose of the organization and therefore no tax is to be recognized.

It is the policy of the Organization to include in operating expenses penalties and interest assessed by income taxing authorities. There are no penalties or interest from taxing authorities included in operating expenses for the year ended December 31, 2009 or 2008.

3. GROW CUYAHOHA COUNTY FUND

In August, 2006, CCCIC entered into an agreement with the Board of County Commissioners of Cuyahoga County (Ohio) to provide fiscal agent services as part of a new County-wide revolving loan fund program named "Grow Cuyahoga County Fund (the Fund)." The Fund is wholly-owned subsidiary of NDC, a national 501(c)(3) not-for-profit corporation engaged in economic and community development, the intention of which is to create a self-sustaining community development bank (the Grow Cuyahoga County Fund).

As one of several participants in the program, including the County and the City of Cleveland, CCCIC expended \$65,000 of a \$100,000 commitment to initially capitalize the Fund.

The Fund was contracted by the County, through December 31, 2008, to market, package and service loans under this program. Under terms of this agreement, the County retained the rights to recover its own funds and those of the CCCIC (\$65,000) should certain performance measures not be reached by the third party.

At December 31, 2008, the terms of the original agreement with the third party were fulfilled and therefore both the receivable and associated reserve in the amount of \$65,000 were removed from the accounts of CCCIC.

In May, 2009, the Fund contract was extended until December 31, 2011. As a component of the extension, CCCIC is obligated to fulfill its remaining, non-recoverable \$35,000 commitment to the fund. A grant expense in the amount of \$35,000 has been realized in 2009.



CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTES (CONTINUED):

4. FISCAL SPONSOR

Resulting from contracts with the Fund, CCCIC has been engaged to act as the fiscal sponsor for the Fund's capitalization from both the City of Cleveland and Cuyahoga County. At December 31, 2009, CCCIC held \$200,000 from the City of Cleveland under this agreement.

5. RELATED PARTIES

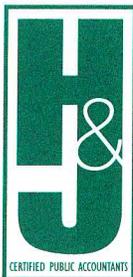
Members of the Board include officers of lending institutions who may be a party to an IDR loan agreement with an applicant. CCCIC's policy is for those applicable board members to abstain from voting on approval of these applicants.

6. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, the *FASB Accounting Standards Codification (ASC)* and the *Hierarchy of Generally Accepted Accounting Principles: a replacement of FASB Statement No. 162*. On July 1, 2009, The Hierarchy of Generally Accepted Accounting Principles was rendered irrelevant, and the FASB ASC became the source of authoritative U.S. Generally Accepted Accounting Principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. On the effective date of this statement, the ASC will supersede all then-existing non-SEC accounting and reporting standards, effective for financial statements issued for interim and annual periods ending after September 15, 2009.

7. SUBSEQUENT EVENTS

CCCIC has evaluated subsequent events for recognition and/or disclosure through May 17, 2010, the date the financial statements were 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**

TO THE BOARD OF DIRECTORS
CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION
CLEVELAND, OHIO

We have audited the financial statements of the Cuyahoga County Community Improvement Corporation as of and for the year ended December 31, 2009, and have issued our report thereon dated May 17, 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* by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cuyahoga County Community Improvement 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 Cuyahoga County Community Improvement Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cuyahoga County Community Improvement 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 a material misstatement of the financial statements will not be prevented or detected by the organization's internal control. There is a reasonable possibility we did not identify any deficiencies in material control over financial reporting that we consider to be material weaknesses as defined above.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cuyahoga County Community Improvement 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 for the information of the board of directors, management, the State of Ohio, Board of Directors. Management and others within CCCIC and is not intended to be and should not be used by anyone other than these specified parties.

Cleveland, Ohio
May 17, 2010

H.J.
Certified Public Accountants



Dave Yost • Auditor of State

CUYAHOGA COUNTY COMMUNITY IMPROVEMENT 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
FEBRUARY 15, 2011**