

**COMMUNITY IMPROVEMENT CORPORATION OF
CUYAHOGA FALLS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Cuyahoga Falls, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 19, 2012

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**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-9
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	10-11

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Independent Auditor's 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, 2011, 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, 2011, 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 25, 2012 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 25, 2012

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**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011**

Assets

Current

Cash and Cash Equivalents	\$ 630,242
Loan Receivable - Current	3,947
Prepaid Items	300
Total Current Assets	<u>634,489</u>

Noncurrent

Accounts Receivable	17,331
Loan Receivable - Net of Current	21,882
Assets Held for Resale	137,500
Total Noncurrent Assets	<u>176,713</u>

Total Assets

811,202

Liabilities

Current

Accrued Property Taxes	2,934
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Total Liabilities

2,934

Net Assets

Unrestricted	185,319
Temporarily Restricted	622,949
Total Net Assets	<u>\$ 808,268</u>

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, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Interest	\$ 3,470	\$ 1,128	\$ 4,598
Rents	8,900	-	8,900
Miscellaneous Revenue	17,331	-	17,331
	<u>29,701</u>	<u>1,128</u>	<u>30,829</u>
Net Assets Released from Restrictions	6,329	(6,329)	-
Total Revenue	<u>36,030</u>	<u>(5,201)</u>	<u>30,829</u>
 <u>Expenses</u>			
Community Improvement	6,329	-	6,329
Insurance	1,755	-	1,755
Professional Services	8,253	-	8,253
Accounting and Audit	5,192	-	5,192
Miscellaneous	738	-	738
Bad Debt	3,912	-	3,912
Total Expenses	<u>26,179</u>	<u>-</u>	<u>26,179</u>
Change in Net Assets	9,851	(5,201)	4,650
 Net Assets, Beginning of Year	<u>175,468</u>	<u>628,150</u>	<u>803,618</u>
Net Assets, End of Year	<u>\$ 185,319</u>	<u>\$ 622,949</u>	<u>\$ 808,268</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, 2011
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Unrestricted	Temporarily Restricted	Total
<u>Cash Flows from Operating Activities</u>			
Cash Received from Loans	\$ -	\$ 4,921	\$ 4,921
Cash Received from Interest	3,470	-	3,470
Cash Received from Other Sources	41,400	-	41,400
Cash Payments for Operating Expenses	(15,263)	(6,329)	(21,592)
Net Cash Provided by (Used for) Operating Activities	29,607	(1,408)	28,199
<u>Cash Flows from Investing Activities</u>			
Cash Payments for Asset Held for Resale	(135,286)	-	(135,286)
Net Cash Used For Investing Activities	(135,286)	-	(135,286)
Net Decrease in Cash and Cash Equivalents	(105,679)	(1,408)	(107,087)
Cash and Cash Equivalents, Beginning of Year	138,701	598,628	737,329
Cash and Cash Equivalents, End of Year	\$ 33,022	\$ 597,220	\$ 630,242

**Reconciliation of Change in Net Assets to
Net Cash Provided by (Used for) Operating
Activities**

Change in Net Assets	\$ 9,851	\$ (5,201)	\$ 4,650
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:			
Settlement Charges for Purchase	720	-	720
Change in Assets and Liabilities:			
(Increase) Decrease in:			
Loan Receivable	32,500	3,793	36,293
Accounts Receivable	(17,331)	-	(17,331)
Accrued Interest Receivable	3,912	-	3,912
Prepaid Items	(45)	-	(45)
Net Cash Provided by (Used for) Operating Activities	\$ 29,607	\$ (1,408)	\$ 28,199

Supplemental Disclosure of Noncash Investing Activities:

Settlement Charges and Property Taxes	\$ (2,214)	\$ -	\$ (2,214)
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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, 2011**

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, Ohio.

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, 2011
(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 501(c)(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 and Certain Significant Estimates**

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

NOTE 3: **LOANS RECEIVABLE**

In 2011, the Corporation settled with LeFever's Riverfront Grille in the amount of \$32,500. The settlement released LeFever's Riverfront Grille from any further loan obligations to the Corporation.

In prior periods, 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, 2011, the loan receivable balance is \$25,829, with \$3,947 collectible in one year.

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (CONTINUED)**

NOTE 4: CASH AND CASH EQUIVALENTS

At December 31, 2011, cash and cash equivalents consist of the following:

	<u>2011 Balance</u>
Checking	\$ 294,944
Money Market Savings	<u>335,298</u>
Total Cash and Cash Equivalents	<u>\$ 630,242</u>

Bank balances of \$500,000 were covered by the Federal Deposit Insurance Corporation and the remaining \$130,242 was collateralized. In 2010, cash and cash equivalents were reclassified between unrestricted and temporarily restricted in the amount of \$29,522.

NOTE 5: ASSET HELD FOR RESALE

During 2011, the Corporation purchased property in the amount of \$137,500. The property was purchased with the intent to sell in subsequent periods.

NOTE 6: 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 7: NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily Restricted Net Assets

Net assets were released from temporary restrictions during the year ended December 31, 2011, by incurring expenses satisfying the restricted purposes of the TIF agreement. During 2011, the Corporation released \$6,329 of temporarily restricted net assets for the purpose of benefitting businesses within the Front and Center Renewal Project Area.

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 8: SUBSEQUENT EVENTS

On January 30, 2012, the Corporation received a \$500,000 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.

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 25, 2012, the date the financial statement were available to be issued.

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**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, 2011, and have issued our report thereon dated June 25, 2012. 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

Management of the City is responsible for establishing and maintaining effective 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 25, 2012



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 02, 2012**