

**COMMUNITY IMPROVEMENT CORPORATION OF THE
STEUBENVILLE, OHIO AREA**

AUDIT REPORT

For the year ended December 31, 2011

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



Dave Yost • Auditor of State

Board of Directors
The Community Improvement Corporation of the Steubenville, Ohio Area
630 Market Street
Steubenville, Ohio 43952

We have reviewed the *Report of Independent Accountants* of the Community Improvement Corporation of the Steubenville, Ohio Area, Jefferson County, prepared by Charles E. Harris & Associates, 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 the Steubenville, Ohio Area 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 12, 2012

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**COMMUNITY IMPROVEMENT CORPORATION OF THE
STEUBENVILLE, OHIO AREA
AUDIT REPORT
For the Year Ended December 31, 2011**

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

REPORT OF INDEPENDENT ACCOUNTANTS

The Community Improvement Corporation of the
Steubenville, Ohio Area
Jefferson County
630 Market Street
Steubenville, OH 43952

To the Board of Directors:

We have audited the accompanying statement of financial position of the Community Improvement Corporation of the Steubenville, Ohio Area, Jefferson County (the Corporation), as of December 31, 2011, and the related statements of activities, functional expenses 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 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 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 24, 2012 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, 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 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.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
May 24, 2012

**THE COMMUNITY IMPROVEMENT CORPORATION
OF THE STEUBENVILLE, OHIO AREA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 362,960
Receivables:	
Accounts Receivable	156
Accrued Interest Receivable	168
Current Portion of Loans Receivable	15,990

Total Current Assets 379,274

Capital Assets

Furniture, Fixtures and Office Equipment	24,180
Less Accumulated Depreciation	(18,699)

Total Capital Assets 5,481

Other Assets

Long Term Loans Receivable	115,620
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Total Long Term Loans Receivable 115,620

TOTAL ASSETS \$ 500,375

LIABILITIES

Accrued Wages and Payroll Taxes	\$ 1,895
Deferred Revenue	30,000

TOTAL LIABILITIES \$ 31,895

NET ASSETS

Invested in Capital Assets	\$ 5,481
Temporarily Restricted	390,983
Unrestricted	72,016

TOTAL NET ASSETS \$ 468,480

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

**THE COMMUNITY IMPROVEMENT CORPORATION
OF THE STEUBENVILLE, OHIO AREA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUES:</u>			
Contributions From Local Governments	\$ -	\$ 123,500	\$ 123,500
Contributions From Private Donations	-	132,647	132,647
Interest	1,070	5,027	6,097
TOTAL SUPPORT AND REVENUES	1,070	261,174	262,244
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of Terms and Conditions	309,966	(309,966)	-
TOTAL OPERATING REVENUES	311,036	(48,792)	262,244
PROGRAM SERVICES EXPENSES			
Progress Alliance	305,736	-	305,736
Revolving Loan	4,230	-	4,230
TOTAL PROGRAM SERVICES EXPENSES	309,966	-	309,966
Changes in Net Assets	1,070	(48,792)	(47,722)
Net Assets (Deficit) Beginning of Year	76,427	439,775	516,202
Net Assets (Deficit) End of Year	\$ 77,497	\$ 390,983	\$ 468,480

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

**THE COMMUNITY IMPROVEMENT CORPORATION
OF THE STEUBENVILLE, OHIO AREA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Program Services</u>		Total Program Services
	<u>Progress Alliance</u>	<u>RLP</u>	
Salaries and Wages	\$ 155,491	\$ -	\$ 155,491
Payroll Taxes and Benefits	38,104	-	38,104
Travel/Meeting Expenses	5,531	40	5,571
Office Expense	7,201	-	7,201
Insurance	3,919	-	3,919
Telephone	6,476	-	6,476
Rent	12,000	-	12,000
Marketing and Advertising	51,720	-	51,720
Bad Debt Expense	-	4,126	4,126
Professional Fees	9,035	-	9,035
Other Expenses	14,180	64	14,244
	<u>303,657</u>	<u>4,230</u>	<u>307,887</u>
Total Expense Before Depreciation	303,657	4,230	307,887
Depreciation	<u>2,079</u>	<u>-</u>	<u>2,079</u>
Total Expenses	<u><u>\$ 305,736</u></u>	<u><u>\$ 4,230</u></u>	<u><u>\$ 309,966</u></u>

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

**THE COMMUNITY IMPROVEMENT CORPORATION
OF THE STEUBENVILLE, OHIO AREA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Cash flows from operating activities:	
Cash Received from Grants	\$ 123,500
Cash Received from Private Sources	131,194
Cash Paid for Employees	(199,335)
Cash Paid for Goods and Services	<u>(110,166)</u>
<i>Net cash provided/(used) for operating activities</i>	<u>(54,807)</u>
Cash flows from capital and related financing activities:	
Purchase of Equipment	<u>(1,575)</u>
<i>Net cash provided/(used) for capital and related financing activities</i>	(1,575)
Cash flows from investing activities:	
Interest	<u>5,956</u>
<i>Net cash provided/(used) for investing activities</i>	<u>5,956</u>
Net increase/(decrease) in cash and cash equivalents	(50,426)
<i>Cash and cash equivalents, January 1, 2011</i>	<u>413,386</u>
<i>Cash and cash equivalents, December 31, 2011</i>	<u><u>\$ 362,960</u></u>
Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities	
Net operating income/(loss)	\$ (47,722)
Adjustments:	
Depreciation expense	2,079
(Increase)/decrease in assets:	
Accounts receivable	177
Note receivable	(6,637)
Accrued interest receivable	(141)
Increase/(decrease) in liabilities:	
Accrued wages and payroll taxes	<u>(2,563)</u>
Total Adjustments	<u>(7,085)</u>
<i>Net cash provided/(used) for operating activities</i>	<u><u>\$ (54,807)</u></u>

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

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE
STEUBENVILLE, OHIO AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Community Improvement Corporation of the Steubenville, Ohio Area is a nonprofit Organization established for the purpose of advancing, encouraging and promoting the industrial, commercial and civic development of the Steubenville, Ohio area. It has accomplished this function by maintaining the local revolving loan program, and acting as a conduit between prospective businesses and the state and local governments. The Organization's funding is provided mainly by administering and operating their ventures, as well as, Federal, State and Local grants for the revolving loan program and contributions from local government, local businesses and individuals for Progress Alliance.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor or grant restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor or grantor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SUPPORT AND REVENUE - CONTRIBUTIONS

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

LAND, BUILDING, FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment are carried at cost or donated fair value and include expenditures for major renewals and betterments. Maintenance, repairs, and minor renewals are charged to expense as incurred. When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which it is disposed. Depreciation is computed by an accelerated method based upon the estimated useful lives of the assets.

Depreciation of \$2,079 has been charged to operations for the year ended December 31, 2011.

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE
STEUBENVILLE, OHIO AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LOANS RECEIVABLE

Loans receivable are stated at unpaid principal balances. The Organization uses the direct write off method for recording losses on loans receivable.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

INCOME TAXES

The Organization is exempt from federal income taxes under Internal Revenue Code 501(c)(6) and therefore has made no provision for federal income taxes in the accompanying financial statements.

FUNCTIONAL ALLOCATION OF EXPENSES

Costs are reported by function under program services and support services in the statement of functional expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

ESTIMATES

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

INVESTMENT SECURITIES

The Organization has classified all of its investment securities as Available for Sale Securities. Realized security gains and losses are computed using the specific identification method. Interest and dividends on investment securities are recognized as income when earned.

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE
STEUBENVILLE, OHIO AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

2. CASH AND CASH EQUIVALENTS

Account Name	Balances
Petty Cash	\$ 13
Huntington Bank - EDA Sequestered Funds	46,089
PNC Bank - CIC ODOD	100
PNC Money Market	62,914
Peoples National Bank - EDA Road Fund	85,256
Parkvale Bank- Operating Account	2,747
Parkvale Bank - Payroll Account	18,079
US Bank- RLF EDA Grant	91,014
WesBanco Contributions Account (CH)	56,748
Total Cash and Cash Equivalents	\$ 362,960

At December 31, 2011 the Community Improvement Corporation of the Steubenville, Ohio Area had no deposits with any bank in excess of FDIC limits.

3. LOANS RECEIVABLE

The Organization began a revolving loan fund in 1990 with the first loan activity occurring in 1991. The revolving loan fund was established to provide loans to industrial, manufacturing and retail entities in order to retain or create jobs and promote economic development.

The project loans are funded with local matching dollars wherein one (1) local dollar of Community Development Block Grant Funds is matched with three (3) federal dollars from the Economic Development Administration.

The loan program consists of available loan funding maximized at \$400,000 for two (2) specific programs. Program One consists of available loan funding for those projects located exclusively within the City limits of Steubenville, Ohio while Program Two consists of available loan funding for those projects located exclusively in Jefferson County, Ohio excluding the City limits of Steubenville, Ohio. Each program began with a maximum loan funding of \$200,000.

The loans are secured and collateralized, when applicable, by the underlying properties and other assets of the loan recipients. The organization is usually in a secondary position on collateral.

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE
STEUBENVILLE, OHIO AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

3. LOANS RECEIVABLE (Continued)

The loan receivable balances regarding the revolving loan fund at December 31, 2011 was \$131,610. The principal payments to be received by the Organization from these loans receivable in the future years is as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 15,992
2013	16,593
2014	14,207
2015	12,074
2016	13,104
2017 and after	<u>56,708</u>
	<u>\$ 131,610</u>

All of the loan receivable balances are considered current in their collections.

4. UNRESTRICTED NET ASSETS

The unrestricted net assets represents results of activities for the following programs that have no grantor or donor stipulations. The balances at December 31 consist of the following:

Invested in Capital Assets	\$ 5,481
Unrestricted	<u>72,016</u>
Total	<u>\$77,497</u>

5. TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets represents results of activities for the following programs that have grantor or donor stipulations. The balances at December 31 consist of the following:

Revolving Loan Program	\$265,670
Progress Alliance Economic Development	<u>125,313</u>
Total	<u>\$390,983</u>

6. PROGRESS ALLIANCE

The City of Steubenville, Ohio, the County of Jefferson, Ohio and the Jefferson County Area Chamber of Commerce formed an alliance for economic development of the Steubenville, Ohio area, including all of Jefferson County, Ohio during 1996. The alliance called for the formation of an economic development plan known as Progress Alliance to advance, encourage and promote industrial, economic, commercial and civic development. The Community Improvement Corporation of the Steubenville, Ohio Area was chosen to operate the Progress Alliance program on behalf of the three entities.

The agreement for the alliance calls for each of the parties to contribute sums from time to time to cover the organization's expenditures incurred in the operation of the project. The government entities contributed a total of \$123,500, and the Chamber did not contribute during 2011.

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE
STEUBENVILLE, OHIO AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

7. PENSION PLAN

The Organization adopted a prototype simplified employee pension plan covering all employees 21 years of age, zero years of service, and whose compensation was greater than \$395 for the year. During 2011, the Organization had four (4) individuals covered under the plan. The total amount contributed and expensed by the organization for 2011 was \$20,167.

8. RENT

During the year, The Community Improvement Corporation of The Steubenville, Ohio Area rented space from Jefferson County Chamber of Commerce. Rent expense for 2011 was \$1,000 per month. Rent expense paid to the Chamber for 2011 was \$12,000.

9. CONCENTRATION OF CREDIT RISK AND OFF BALANCE SHEET RISK

The Organization's programs are maintained in the Jefferson County, Ohio geographical area. The performance of its lending and operational activity are dependent on the performance of the participating companies and projects. The results of these companies and the operations of the Organization's projects are dependent on the economic conditions in the local trade area.

10. CONTINGENCIES

The Community Improvement Corporation of the Steubenville, Ohio Area receives restricted funds under the revolving loan program. The operation of this program is subject to review by the granting Organization. The ultimate determination of amounts received under this program is based upon criteria established and reviewed by the granting Organization. Until such reviews have been made, there exists a contingency to refund any amount received that does not meet grant specifications. Management is of the opinion that no material liability will result from such reviews.

11. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors and omissions, employment matters, injuries to employees and employee theft and fraud.

The Organization participates in the Ohio Bureau of Workers' Compensation for workers compensation coverage and with the Ohio Department of Job and Family Services for unemployment coverage. The Organization continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in prior years.

12. SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE
STEUBENVILLE, OHIO AREA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

13. PRIOR PERIOD ADJUSTMENT

There is prior period adjustment of \$5,507 due to management's re-evaluation of notes receivable.

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

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

The Community Improvement Corporation of the
Steubenville, Ohio Area
Jefferson County
630 Market Street
Steubenville, OH 43952

To the Board of Directors:

We have audited the financial statements of the Community Improvement Corporation of the Steubenville, Ohio Area, Jefferson County, Ohio (the Corporation) as of and for the year ended December 31, 2011, and have issued our report thereon dated May 24, 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 Controls 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 opinions 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 to be material weaknesses, as defined above.

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 did note certain matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated May 24, 2012.

We intend this report solely for the information and use of management, the audit committee, the Governing Board, and others within the Corporation. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

Charles E. Harris and Associates, Inc.
May 24, 2012

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending December 31, 2010, reported no material citations or recommendations.



Dave Yost • Auditor of State

THE COMMUNITY IMPROVEMENT CORPORATION OF THE STEUBENVILLE, OHIO AREA

JEFFERSON 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
JULY 24, 2012