

CANTON COMMUNITY IMPROVEMENT CORPORATION

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2011

Varney, Fink & Associates, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Directors
Canton Community Improvement Corporation
218 Cleveland Avenue S.W.
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, 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 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

July 5, 2012

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**CANTON COMMUNITY IMPROVEMENT CORPORATION
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2011**

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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 Directors:

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, 2011, and the related statement 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 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, 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 11, 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 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 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 we 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 11, 2012

Canton Community Improvement Corporation

Management's Discussion and Analysis
For the Year Ended December 31, 2011
(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, 2011. 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 2011 are as follows:

- In total, net assets increased \$127,956 from 2010. The primary reason for the increase is due to an increase in capital assets and accounts receivable.
- Total assets increased \$281,875 from 2010. This is mainly due to an increase in capital assets and accounts receivable.
- Total liabilities increased by \$153,919, which represents a 205% increase from 2010. This increase was mainly due to a significant increase in accounts payable.
- The total revenue amounted to \$674,654 in 2011, which is a decrease of \$153,770 from 2010 or 18.56 %. A decrease in the CDBG grants was the main reason for the decrease in revenue.
- The \$206,621 decrease in total expenses from 2010 was caused by a decrease 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.

Canton Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

FINANCIAL ANALYSIS

A comparative analysis of 2011 and 2010 is presented below:

Changes in Net Assets

The following table shows the changes in net assets for the years 2011 and 2010:

Table 1
Net Assets

	2011	2010	Increase (Decrease)
Current and Other Assets	\$397,893	\$203,131	\$194,762
Capital Assets, Net	928,595	841,482	87,113
Total Assets	1,326,488	1,044,613	281,875
 Current Liabilities	 228,926	 75,007	 153,919
Net Assets			
Invested in Capital Assets	928,595	841,482	87,113
Unrestricted	168,967	128,124	40,843
Total Net Assets (Deficit)	\$1,097,562	\$969,606	\$127,956

Canton Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Table 2
Changes in Net Assets

	2011	2010	Increase (Decrease)
<u>Operating Revenues:</u>			
In-kind Contributions	\$11,794	\$15,854	(\$4,060)
Rental Income	2,565	2,798	(233)
Grants	561,574	762,000	(200,426)
Other	98,721	47,772	50,949
Total Operating Revenues	<u>674,654</u>	<u>828,424</u>	<u>(153,770)</u>
<u>Operating Expenses:</u>			
Program Services:			
Economic Development Grants	342,910	588,053	(245,143)
Depreciation	6,775	6,775	0
Total Program Services	<u>349,685</u>	<u>594,828</u>	<u>(245,143)</u>
Support Services:			
Administrative Wages and Fees	69,807	68,379	1,428
Payroll Taxes	1,996	1,756	240
Worker's Compensation Insurance	74	144	(70)
Legal and Accounting Fees	9,280	9,011	269
Professional Fees	26,341	0	26,341
Consulting Expense	40,175	24,061	16,114
Membership and Dues	7,275	0	7,275
Office Expense	297	1,238	(941)
Miscellaneous	41,768	53,902	(12,134)
Total Support Services	<u>197,013</u>	<u>158,491</u>	<u>38,522</u>
Total Operating Expenses	<u>546,698</u>	<u>753,319</u>	<u>(206,621)</u>
Operating Income	127,956	75,105	52,851
Net Assets at Beginning of Year	<u>969,606</u>	<u>894,501</u>	<u>75,105</u>
Net Assets at End of Year	<u>\$1,097,562</u>	<u>\$969,606</u>	<u>\$127,956</u>

Canton Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

CAPITAL ASSETS

At the end of 2011, CCIC had \$928,595 invested in capital assets, net of depreciation. The following table shows 2011 and 2010 balances:

Table 3
Capital Assets
(Net of Depreciation)

	<u>2011</u>	<u>2010</u>
Land	\$1,200	\$1,200
Land Held for Future Use	618,461	618,461
Construction in Progress	155,414	61,526
Buildings	<u>153,520</u>	<u>160,295</u>
Total Capital Assets	<u>\$928,595</u>	<u>\$841,482</u>

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

CURRENT FINANCIAL RELATED ACTIVITIES

At December 31, 2011, CCIC had total assets of \$1,326,488 and total net assets of \$1,097,562 which resulted from an increase in net assets of \$127,956. 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.

Canton Community Improvement Corporation
Statement of Financial Position
December 31, 2011

Assets

Current:

Accounts Receivable	\$370,633
Intergovernmental Receivable	<u>27,260</u>
Total Current Assets	<u>397,893</u>

Noncurrent:

Capital Assets:

Non-Depreciable Capital Assets	775,075
Depreciable Capital Assets, Net	<u>153,520</u>
Total Capital Assets	<u>928,595</u>

Total Assets 1,326,488

Liabilities

Current Liabilities:

Accounts Payable	225,027
Accrued Wages and Benefits	<u>3,899</u>

Total Liabilities 228,926

Net Assets

Invested in Capital Assets	928,595
Unrestricted	<u>168,967</u>

Total Net Assets \$1,097,562

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

Canton Community Improvement Corporation
Statement of Activities
For the Year Ended December 31, 2011

Operating Revenues:

In-Kind Contributions	\$11,794
Rental Income	2,565
Grants	561,574
Other	98,721

<i>Total Operating Revenues</i>	<u>674,654</u>
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Operating Expenses:

Program Services:	
Economic Development Grants	342,910
Depreciation	6,775
Total Program Services	<u>349,685</u>

Support Services:

Administrative Wages and Fees	69,807
Payroll Taxes	1,996
Worker's Compensation Insurance	74
Legal and Accounting Fees	9,280
Professional Fees	26,341
Consulting Fees	40,175
Membership and Dues	7,275
Office Expense	297
Miscellaneous	41,768
Total Support Services	<u>197,013</u>

<i>Total Operating Expenses</i>	<u>546,698</u>
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<i>Operating Income</i>	127,956
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<i>Net Assets at Beginning of Year</i>	<u>969,606</u>
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<i>Net Assets at End of Year</i>	<u><u>\$1,097,562</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, 2011

Cash Flows from Operating Activities	
Cash Received from Grants	\$177,003
Cash Received from Customers	48,665
Cash Payments for Goods and Services	(441,198)
Cash Payments to Employees	<u>(60,153)</u>
<i>Net Cash (Used For) Operating Activities</i>	<u>(275,683)</u>
Cash Flows from Noncapital Financing Activities	
Negative Cash Balance Implicitly Financed	<u>179,995</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	<u>(93,888)</u>
<i>Net Decrease in Cash</i>	(189,576)
<i>Cash Beginning of Year</i>	<u>189,576</u>
<i>Cash End of Year</i>	<u><u>\$0</u></u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating Income	\$127,956
Adjustments:	
Depreciation	6,775
Increase in Assets:	
Accounts Receivable	(370,400)
Intergovernmental Receivable	(13,938)
Increase (Decrease) in Liabilities:	
Accounts Payable	41,989
Accrued Wages	(211)
Unearned Revenue	<u>(67,854)</u>
<i>Net Cash (Used For) Operating Activities</i>	<u><u>(\$275,683)</u></u>
Non-Cash Operating Activities:	
In-Kind Contributions	\$11,794
In-Kind Expenses	<u>(11,794)</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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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. Federal income tax

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

F. In-kind Contributions

City of Canton employees perform services for CCIC, this portion of salaries and related fringe benefits for these services are paid by City of Canton. The estimated fair value of in-kind contribution is reported as revenue and 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.

G. 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, 2011, the bank balance was \$154,467. 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, 2011 CCIC had no investments.

CANTON COMMUNITY IMPROVEMENT CORPORATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 is as follows:

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
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	61,526	93,888	0	155,414
Total Capital Assets not Being Depreciated	681,187	93,888	0	775,075
Capital Assets Being Depreciated:				
Buildings	271,500	0	0	271,500
Less Accumulated Depreciation				
Building	(111,205)	(6,775)	0	(117,980)
Total Capital Assets Being Depreciated, Net	160,295	(6,775)	0	153,520
Total Capital Assets, Net	\$841,482	\$87,113	\$0	\$928,595

NOTE 5 – COMMUNITY DEVELOPMENT LOANS

CCIC awards loans through the Community Development Block Grant Program provided by the City of Canton. If a 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 therefore, the loans are 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 \$421,717. 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 \$11,794 were received from the City of Canton.

CANTON COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management, for recognition and/or disclosure, through May 11, 2012, the date the financial statements were available to be 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 Directors:

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, 2011 and have issued our report dated May 11, 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 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 Directors, federal awarding agencies and pass-through entities, 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 11, 2012

**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 Directors:

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 the Canton Community Improvement Corporation's (the Corporation) major federal program for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Corporation's major federal program. 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 opine on the Corporation's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these requirements.

In our opinion, the Corporation, complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 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 (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 Directors, others within the Corporation, 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 11, 2012

Canton Community Improvement Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Program Receipts	Program Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through the City of Canton</i>			
Community Development Block Grant/Entitlement Grants	14.218	\$177,003	\$520,083
Total Federal Awards		<u>\$177,003</u>	<u>\$520,083</u>

CANTON COMMUNITY IMPROVEMENT CORPORATION
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011

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, 2011
(CONTINUED)**

(d)(1)(vii)	Major Programs:	Community Development Block Grant CFDA# 14.218
(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
JULY 17, 2012**