



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Cuyahoga Falls
Summit County
2310 Second Street
Cuyahoga Falls, Ohio 44221

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Community Improvement Corporation of Cuyahoga Falls, Summit County, Ohio (the Corporation), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. The basic financial statements of the Corporation as of and for the year ended December 31, 2012 were audited by other auditors whose report dated June 12, 2013, expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Cuyahoga Falls, Summit County as of December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the Corporation's internal control over financial reporting and compliance.

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Dave Yost
Auditor of State
Columbus, Ohio

August 29, 2014

Community Improvement Corporation of Cuyahoga Falls
Statements of Financial Position (As Restated)
December 31, 2013 with Summary Totals
At December 31, 2012

	<u>2013</u>			<u>2012</u>
	Unrestricted	Temporarily Restricted	Total	Total
<u>ASSETS</u>				
Current assets				
Cash	\$ 22,645	\$ 159,887	\$ 182,532	\$ 622,311
Interest receivable	343	-	343	424
Notes receivable – current	11,140	-	11,140	10,669
Prepaid insurance	317	-	317	300
Total current assets	<u>34,445</u>	<u>159,887</u>	<u>194,332</u>	<u>633,704</u>
Other assets				
Notes receivable – non-current	34,065	-	34,065	45,206
Land held for resale	137,500	-	137,500	137,500
Total assets	<u>\$ 206,010</u>	<u>\$ 159,887</u>	<u>\$ 365,897</u>	<u>\$ 816,410</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accrued property taxes	\$ 4,360	\$ -	\$ 4,360	\$ 9,802
Total current liabilities	<u>4,360</u>	<u>-</u>	<u>4,360</u>	<u>9,802</u>
Total liabilities	<u>4,360</u>	<u>-</u>	<u>4,360</u>	<u>9,802</u>
Net Assets	<u>201,650</u>	<u>159,887</u>	<u>361,537</u>	<u>806,608</u>
Total liabilities and net assets	<u>\$ 206,010</u>	<u>\$ 159,887</u>	<u>\$ 365,897</u>	<u>\$ 816,410</u>

See accompanying notes to the basic financial statements

Community Improvement Corporation of Cuyahoga Falls
Statement of Activities (As Restated)
For the Year Ended December 31, 2013 with Comparative Totals
For the Year Ended December 31, 2012

	<u>2013</u>			<u>2012</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
Revenues					
Interest	\$ 2,316	\$ 1,618	\$ -	\$ 3,934	\$ 5,428
Net assets released from restrictions	437,657	(437,657)	-	-	-
Total Revenue	439,973	(436,039)	-	3,934	5,428
Expenses					
Accounting fees	5,054	-	-	5,054	4,981
Community improvement grants	437,657	-	-	437,657	27,997
Insurance	1,886	-	-	1,886	1,800
Miscellaneous	-	-	-	-	44
Office supplies	48	-	-	48	-
Professional services	-	-	-	-	6,120
Property taxes	4,360	-	-	4,360	6,868
Total Expenses	449,005	-	-	449,005	47,810
Change in net assets	(9,032)	(436,039)	-	(445,071)	(42,382)
Net Assets – Beginning of Year	210,682	595,926	-	806,608	848,990
Net Assets – End of Year	\$ 201,650	\$ 159,887	\$ -	\$ 361,537	\$ 806,608

See accompanying notes to the basic financial statements

Community Improvement Corporation of Cuyahoga Falls
Statements of Cash Flows (As Restated)
*******For the Year Ending December 31, 2013**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ (445,071)	\$ (42,382)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
(Increase) decrease in operating assets:		
Interest receivable	81	79
Notes receivable	10,670	10,173
Prepaid insurance	(17)	-
Accounts receivable	-	17,331
Increase (decrease) in operating liabilities:		
Accrued property taxes	(5,442)	6,868
	(439,779)	(7,931)
Net cash (used for) operating activities		
Decrease in cash	(439,779)	(7,931)
Cash – beginning of year	622,311	630,242
Cash – end of year	\$ 182,532	\$ 622,311

See accompanying notes to the basic financial statements

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Community Improvement Corporation of Cuyahoga Falls
Notes to the Financial Statements
*******For the Year Ended December 31, 2013**

Note A - Nature of Organization and Summary of Significant Accounting Policies

Nature of Operation

The Community Improvement Corporation of Cuyahoga Falls (the "Corporation") was formed in July 1970 and is incorporated as an Ohio not-for-profit corporation.

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.

Summary of Significant Accounting Policies

Financial Statement Presentation

The Corporation prepares and presents its financial statements pursuant to Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 958, "Not-for-Profit Entities" ("ASC 958").

Under ASC 958, the Corporation is required to report contributions as restricted support if they are received with donor stipulations that limit the use of the funds. When a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the accompanying statements of activities.

In addition, the Corporation is required to report information regarding its assets, liabilities, revenues, support and expenses according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

A description of these categories follows:

~~Unrestricted Net Assets~~: Includes net assets with no grantor or donor imposed restrictions and funds internally designated by the Corporation's board for specific purposes.

~~Temporarily Restricted Net Assets~~: Includes net assets with grantor or donor imposed restrictions that can be fulfilled and removed by the passage of time or actions of the Corporation.

~~Permanently Restricted Net Assets~~: Includes net assets with grantor or donor imposed restrictions that cannot be fulfilled or removed by actions of the Corporation. At December 31, 2013 and 2012, the Corporation had no permanently restricted net assets.

Community Improvement Corporation of Cuyahoga Falls
Notes to the Financial Statements For the Year Ended
December 31, 2013 - Continued

Note A - Nature of Organization and Summary of Significant Accounting Policies – Continued

Income Taxes

The Corporation is exempt for federal and state income taxes pursuant to Internal Revenue Code Section 501(c)(4).

Uncertain Tax Positions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation, of which there were none for the years ending December 31, 2013 and 2012, are recorded as tax penalties in the statements of activities.

Cash and cash equivalents

For purposes 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. The Corporation had no such investments at December 31, 2013 or 2012.

Use of Estimates

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

Community Improvement Corporation of Cuyahoga Falls
Notes to the Financial Statements For the Year Ended
December 31, 2013 - Continued

Note B – Notes Receivable

On November 24, 2010 the Corporation entered into a \$30,000 loan agreement with an unrelated entity for working capital and the purchase of equipment. The note requires monthly installments the first three months of each year in the amount of \$205 and \$478 for all remaining months through November 2017. The note accrues interest at four percent per annum and is personally guaranteed by the owners of that entity. Required principle payments under the loan agreement are as follows for the years ending December 31:

2014	\$	4,275
2015		4,449
2016		4,631
2017		<u>4,418</u>
	<u>\$</u>	<u>17,773</u>

On September 19, 2007 the Corporation entered into a sales agreement for certain property on State Road in Cuyahoga Falls, Ohio in which the Corporation agreed to sell that property for a non-interest bearing note receivable with a face value of \$80,000. Title to the property transferred on October 26, 2007. The note requires four quarterly payments of \$2,000 each year. Payments on the note commenced on October 1, 2007 and are to continue until the final installment is made on July 1, 2017. Under ASC Topic 835, non-interest bearing notes must be recorded using an imputed interest rate. The Corporation imputed interest on this note at the rate of 4.56% per annum, the ten year treasury bond rate at the time the note was executed. Accordingly, the Corporation recorded the note at a present value of \$64,685. The note is secured by the property transferred. Required principle payments under the note are as follows for the years ending December 31:

2014	\$	6,865
2015		7,184
2016		7,517
2017		<u>5,866</u>
	<u>\$</u>	<u>27,432</u>

Note C – Land Held for Resale

On August 26, 2011, the Corporation purchased property in the amount of \$137,500. The property was purchased with the intent to sell in a subsequent period, which management estimates will be greater than one year from the date of the financial statements.

Community Improvement Corporation of Cuyahoga Falls
Notes to the Financial Statements For the Year Ended
December 31, 2013 - Continued

Note D – Community Improvement Grants

The Corporation makes grants for the purpose of benefiting businesses within the Front and Center Renewal Project Area and for the purpose of creating jobs and employment opportunities within the city. Such grants are restricted to the acquisition of property within the project area and the clearance, redevelopment and/or rehabilitation of property located in the project area and for job creation throughout the city. For the year ending December 31, 2013, the Corporation made a grant of \$435,000 to assist with the ongoing Portage Crossing project and a grant of \$2,657 to assist in the construction of a façade. For the year ending December 31, 2012, the Corporation made a \$10,000 matching grant for improvements and a \$7,997 grant for replacement of windows to two properties in the project area, as well as a \$10,000 grant in support of the Cuyahoga Falls Bicentennial Festival.

Note E – Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of Tax Incentive Financing (TIF) funds and are restricted for the acquisition of property, clearance and redevelopment or rehabilitation of the Front and Center Renewal Project Area, and for future uses of the land situated within the city. These funds were received from the City of Cuyahoga Falls prior to 2009.

Note F – Net Assets Released from Restrictions

Temporarily Restricted Net Assets

Net assets were released from temporary restrictions during the years ending December 31, 2013 and 2012, by incurring expenses satisfying the restricted purposes of the TIF agreement. During 2013 and 2012, the Corporation released \$437,657 and \$27,997, respectively, of temporarily restricted net assets for the purpose of benefiting businesses within the Front and Center Renewal Project Area or for job creation throughout the city.

Note G – Prior Period Restatement

Based on information that came to the attention of management during 2014, it was determined that a note receivable was not recorded and certain accruals were not made at December 31, 2012. As a result, notes receivable were increased by \$33,993, interest receivable was increased by \$424, accrued property taxes were increased by \$4,568 and unrestricted net assets were increased by \$29,849 on the

Community Improvement Corporation of Cuyahoga Falls
Notes to the Financial Statements For the Year Ended
December 31, 2013 - Continued

Note G – Prior Period Restatement - Continued

statement of financial position at December 31, 2012. This restatement also resulted in a \$1,694 increase in interest revenue, a \$4,568 increase in property taxes, and an \$8,000 decrease in rent revenue on the statement of activities for the year ending December 31, 2012.

Note H – Reclassifications

Certain amounts in the statement of financial position as of December 31, 2012 and the statement of activities and the statement of cash flows for the year ending December 31, 2012 have been reclassified to conform to the current year classifications.

Note I – Subsequent Events

Management has evaluated subsequent events through August 29, 2014, the date the financial statements were available to be issued.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Community Improvement Corporation of Cuyahoga Falls
Summit County
2310 Second Street
Cuyahoga Falls, Ohio 44221

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Community Improvement Corporation of Cuyahoga Falls, Summit County, (the Corporation) as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated August 29, 2014, wherein we noted that other auditors audited the basic financial statements of the Corporation as of and for the year ended December 31, 2012.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Dave Yost
Auditor of State
Columbus, Ohio

August 29, 2014



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
SEPTEMBER 23, 2014**