

Community Improvement Corporation of Geneva

**Financial Statements
December 31, 2015**



Dave Yost • Auditor of State

Members of the Board
Community Improvement Corporation of Geneva
44 N. Forest St
Geneva, OH 44041

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Geneva, Ashtabula County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2015 through December 31, 2015. 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 Geneva is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 24, 2016

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Community Improvement Corporation of Geneva

For the Year Ended December 31, 2015

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Independent Auditor's Report

To the Board of Trustees
Community Improvement Corporation of Geneva

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Geneva ("CIC") (a nonprofit organization and component unit of the City of Geneva), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the CIC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CIC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Trustees
Community Improvement Corporation of Geneva

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CIC as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with 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 June 30, 2016, on our consideration of the CIC'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* in considering the CIC's internal control over financial reporting and compliance.

Ciuni + Panichi, Inc.

Cleveland, Ohio
June 30, 2016

Community Improvement Corporation of Geneva

Statement of Financial Position

December 31, 2015

Assets

Current assets:

Cash and cash equivalents	\$ 82,611
Funds held as fiscal agent	79,568
Accounts receivable	11,714
Loans receivable, current	<u>6,082</u>
Total current assets	179,975

Non-current assets:

Capital assets and property held for sale or development, net of accumulated depreciation (Note 4)	44,230
Loans receivable, net of current	<u>261,735</u>
Total non-current assets	<u>305,965</u>

Total assets \$ 485,940

Liabilities and Net Assets

Current liabilities:

Due to other governments	\$ 3,320
Funds held as fiscal agent	<u>79,568</u>
Total current liabilities	82,888

Long-term liabilities:

Due to other governments	<u>246,431</u>
Total liabilities	329,319

Net assets:

Unrestricted	<u>156,621</u>
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Total liabilities and net assets \$ 485,940

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

Community Improvement Corporation of Geneva

Statement of Activities

For the Year Ended December 31, 2015

Unrestricted net assets:

Public support and revenues:

Grants	\$	14,805
Interest income		2,503
Gain on sale of land		18,000
Other		<u>14,818</u>
Total public support and revenues		50,126

Expenses and losses:

Economic development		145,747
Accounting and auditing		2,328
Depreciation		1,375
Fundraising		334
Other		<u>2,294</u>
Total expenses and losses		<u>152,078</u>

Change in unrestricted net assets (101,952)

Unrestricted net assets at beginning of year 258,573

Unrestricted net assets at end of year \$ 156,621

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

Community Improvement Corporation of Geneva

Statement of Cash Flows

For the Year Ended December 31, 2015

Cash flows from operating activities:	
Change in net assets	\$ (101,952)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	1,375
Gain on sale of land	(18,000)
Changes in operating assets and liabilities:	
Increase in accounts receivable	(11,714)
Decrease in loans receivable	3,181
Decrease in due to other governments	<u>(1,065)</u>
Net cash used by operating activities	(128,175)
Cash flows from investing activities:	
Proceeds from sale of capital assets	<u>122,250</u>
Net cash provided by investing activities	<u>122,250</u>
Net change in cash	(5,925)
Cash and cash equivalents at beginning of year	<u>88,536</u>
Cash and cash equivalents at end of year	\$ <u><u>82,611</u></u>

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

Community Improvement Corporation of Geneva

Notes to the Financial Statements

December 31, 2015

Note 1: Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Community Improvement Corporation of Geneva (the "CIC").

Nature of Activities

The CIC was incorporated in July 1997 by the City of Geneva (the "City") under Section 1724.01 et seq. of the Ohio Revised Code. The CIC is a separate body politic having power to act as an individual entity to carry out powers given to it under State statute. The CIC is a legally separate, not-for-profit organization, served by a 15-member board composed of City officials and community representatives.

The CIC was created to advance, encourage, and promote the industrial, economic, commercial, and civic development of Geneva and the territory surrounding Geneva in whatever way and by such means as will improve the normal growth, employment opportunities, and stability of employment in existing industries. The CIC is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

Basis of Presentation

The CIC prepares its financial statements in accordance with the not-for-profit entity related provisions of the standards set by the Financial Accounting Standards Board ("FASB") which established the FASB Accounting Standards Codification ("ASC") as the single source of authoritative accounting principles generally accepted in the United States of America.

The CIC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. The CIC does not have any temporarily restricted or permanently restricted net assets as of December 31, 2015.

Basis of Accounting

The financial statements of the CIC have been prepared on the accrual basis of accounting. Due to the nature and significance of the CIC's relationship to the City, the CIC is presented as a component unit of the City.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Community Improvement Corporation of Geneva

Notes to the Financial Statements (continued)

December 31, 2015

Note 1: Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the CIC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding funds held as fiscal agent.

Funds Held as Fiscal Agent

Funds held as fiscal agent are amounts held by the CIC that legally belong to unrelated entities. Accordingly, these amounts are recorded as both an asset and liability of the CIC.

Loans Receivable

The CIC has loaned money to various City businesses. Payments of principal and interest are due monthly and are not secured. The loans range in interest rates from 1.00% to 3.25%. When a loan payment is outstanding sixty days after its scheduled payment date, management deems the loan to be delinquent. At December 31, 2015, there were no loans deemed to be delinquent.

The carrying amount of loans receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews loans receivable balances that are not current and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. At December 31, 2015, management estimated that no allowance for doubtful accounts was required.

Capital Assets

All purchased capital assets and other property are stated at cost. Donated property is capitalized at estimated fair value at the date of donation based on non-recurring Level 2 fair value measurements under FASB's fair value hierarchy.

The CIC capitalizes asset purchases having a cost of \$500 or more. The CIC depreciates the capital assets other than land using the straight-line method based on the estimated useful lives of the assets ranging from five to ten years.

Income Taxes

The CIC has qualified for a tax exemption under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

Income taxes are accounted for under the provisions of the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. As of December 31, 2015, the CIC has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

Community Improvement Corporation of Geneva

Notes to the Financial Statements (continued)

December 31, 2015

Note 1: Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis within the notes to the financial statements. Accordingly, certain costs have been allocated to the appropriate programs and supported services.

Subsequent Events

In preparing these financial statements, the CIC has evaluated events and transactions for potential recognition or disclosure through June 30, 2016, the date the financial statements were available to be issued.

Note 2: Concentrations

At December 31, 2015, the carrying amount of CIC's deposits was \$162,179, and the bank balance was \$166,006, which was covered by federal depository insurance.

Note 3: Related Parties

Five of the 15 trustees serving the CIC are elected or appointed officials of the City of Geneva as mandated by the Ohio Revised Code with only the City Manager being specified.

In 2014, the CIC sold property for a purchase price of \$267,000 plus interest of 1%. Interest collected under the purchase agreement belongs to the CIC. Principal payments collected under the purchase agreement are shared equally between the CIC and the City of Geneva, except for the final lump sum payment of \$145,764 which will belong exclusively to the City of Geneva. All payments are first collected by the CIC and then the CIC pays the agreed upon amounts to the City of Geneva. For the year ended December 31, 2015, the CIC paid the City of Geneva \$1,081 as its share of principal payments received. As of December 31, 2015, \$262,880 is included in loans receivable and \$204,170, the amount owed to the City of Geneva, is included in due to other governments in the statement of financial position related to this purchase agreement.

Future payments to the City of Geneva are expected to be as follows as of December 31, 2015:

2016	\$	2,297
2017		3,224
2018		3,257
2019		4,796
2020		4,844
Thereafter		<u>185,752</u>
	\$	<u><u>204,170</u></u>

Community Improvement Corporation of Geneva

Notes to the Financial Statements (continued)

December 31, 2015

Note 3: Related Parties (continued)

Additionally, the CIC owes the City of Geneva \$44,558 related to land donated to the CIC with the intent to be sold, and it is included in due to other governments in the statement of financial position. During 2015, CIC also contributed \$65,081 to the City which represents the proceeds from the sale of previously acquired land, net fees and real estate taxes.

Note 4: Capital Assets and Property Held for Sale or Development

The CIC's property and equipment consist of the following at December 31, 2015:

Property held for sale or development	\$	44,000
Equipment		27,905
Less: accumulated depreciation		<u>(27,675)</u>
Total	\$	<u>44,230</u>

The CIC's land was donated by the City of Geneva and outside donors.

Note 5: Functional Classification of Expenses

Expenses by function for the year ended December 31, 2015 were as follows:

Program services	\$	147,122
General and administrative		4,622
Fundraising		<u>334</u>
Total expenses	\$	<u>152,078</u>

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees
Community Improvement Corporation of Geneva

We have audited, 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, the financial statements of the Community Improvement Corporation of Geneva (the "CIC"), a component unit of the City of Geneva, which comprise the statement of financial position as of December 31, 2015, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CIC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 CIC's internal control. Accordingly, we do not express an opinion on the effectiveness of the CIC's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the CIC's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Trustees
Community Improvement Corporation of Geneva

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CIC's financial statements are free from 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*.

Purpose of this Report

The purpose of the report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and do not provide an opinion on the effectiveness of the CIC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ciuni + Panichi, Inc.

Cleveland, Ohio
June 30, 2016

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Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA

ASHTABULA 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 6, 2016**