



Dave Yost • Auditor of State



**GREATER CLEVELAND COMMUNITY IMPROVEMENT CORPORATION  
CUYAHOGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Greater Cleveland Community Improvement Corporation  
Cuyahoga County  
1111 Superior Avenue, Suite 1600  
Cleveland, Ohio 44114

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Greater Cleveland Community Improvement Corporation, Cuyahoga County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statement of financial position as of and for the years ended June 30, 2017 and 2016, the related statements of activities and cash flows for the years ended, and the related notes to the financial 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 such 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 the overall financial statement presentation.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Cleveland Community Improvement Corporation, Cuyahoga County, Ohio as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years 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 31, 2018, 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 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 31, 2018

**Greater Cleveland Community Improvement Corporation**  
*Statement of Net Assets*

*June 30, 2017 and 2016*

|  | 2017        | 2016        |
|--|-------------|-------------|
| <b>Assets</b>                              |             |             |
| <i>Current Assets:</i>                     |             |             |
| Equity in Pooled Cash and Cash Equivalents | \$54,142    | \$5,318     |
| <i>Total Current Assets</i>                | 54,142      | 5,318       |
| <i>Noncurrent Assets:</i>                  |             |             |
| Land Held for Resale                       | 5,531,924   | 5,667,920   |
| <i>Capital Assets:</i>                     |             |             |
| Land                                       | 0           | 453,201     |
| Depreciable Capital Assets                 | 0           | 6,786       |
| <i>Total Noncurrent Assets</i>             | 5,531,924   | 6,127,907   |
| <i>Total Assets</i>                        | 5,586,066   | 6,133,225   |
| <b>Liabilities</b>                         |             |             |
| <i>Current Liabilities:</i>                |             |             |
| Accounts Payable                           | 528,583     | 827,414     |
| Taxes Payable                              | 20,251      | 21,115      |
| Duck Creek Deferred Liability              | 193,950     | 225,000     |
| Loans Payable                              | 245,000     | 0           |
| <i>Total Current Liabilities</i>           | 987,784     | 1,073,529   |
| <i>Long-Term Liabilities:</i>              |             |             |
| Loans Payable                              | 0           | 3,583,000   |
| <i>Total Long-Term Liabilities</i>         | 0           | 3,583,000   |
| <i>Total Liabilities</i>                   | 987,784     | 4,656,529   |
| <b>Net Assets</b>                          |             |             |
| Net Income                                 | 3,121,586   | (233,980)   |
| Unrestricted                               | 1,476,696   | 1,710,676   |
| <i>Total Net Assets</i>                    | \$4,598,282 | \$1,476,696 |

See accompanying notes to the basic financial statements

**Greater Cleveland Community Improvement Corporation**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets*

*For the Fiscal Years Ended June 30, 2017 and 2016*

|  | 2017        | 2016        |
|--|-------------|-------------|
| <b>Revenue and Other Support</b>               |             |             |
| Material Handling Revenue                      | \$2,964     | \$22,569    |
| Rent Income                                    | 0           | 15,500      |
| Miscellaneous                                  | 42,980      | 0           |
|  | 45,944      | 38,069      |
| <i>Total Revenue and Other Support</i>         |             |             |
| <b>Operating Expenses</b>                      |             |             |
| Asset Management                               | 128,995     | 122,246     |
| Bank Charges                                   | 59          | 12          |
| Closing Fees                                   | 8,918       | 0           |
| Commissions                                    | 76,592      | 0           |
| Legal and Professional                         | 13,568      | 20,879      |
| Licenses and Permits                           | 0           | 203         |
| Insurance                                      | 4,086       | 22,963      |
| Site Development                               | 77,754      | 39,567      |
| Utilities                                      | 45,000      | 0           |
| Depreciation                                   | 6,786       | 13,571      |
| Taxes  | 21,389      | 52,608      |
|  | 383,147     | 272,049     |
| <i>Total Operating Expenses</i>                |             |             |
| <i>Operating Income (Loss)</i>                 | (337,203)   | (233,980)   |
| <b>Non-Operating Revenues (Expenses)</b>       |             |             |
| Core Loan Deeded Infrastructure Exchange       | 3,583,000   |             |
| Loss on Sale of Assets                         | (124,211)   | 0           |
|  | 3,458,789   | 0           |
| <i>Total Non-Operating Revenues (Expenses)</i> |             |             |
| <i>Change in Net Assets</i>                    | 3,121,586   | (233,980)   |
| <i>Net Assets Beginning of Year</i>            | 1,476,696   | 1,710,676   |
| <i>Net Assets End of Year</i>                  | \$4,598,282 | \$1,476,696 |

See accompanying notes to the basic financial statements



**Greater Cleveland Community Improvement Corporation**  
*Statement of Cash Flows*

*For the Fiscal Years Ended June 30, 2017 and 2016*

|  | 2017      | 2016      |
|--|-----------|-----------|
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                            |           |           |
| <b>Cash Flows from Operating Activities</b>  |           |           |
| Cash Received from Customers   | \$95,944  | \$42,964  |
| Cash Payments for Goods and Services   | (64,541)  | (104,534) |
| <i>Net Cash Provided by (Used in) Operating Activities</i>                         | 31,403    | (61,570)  |
| <b>Cash Flows from Noncapital<br/>Financing Activities</b>                         |           |           |
| Loan Proceeds Received   | 245,000   | 0         |
| <i>Net Cash Provided by (Used in) Noncapital<br/>Financing Activities</i>          | 245,000   | 0         |
| <b>Cash Flows from Capital and<br/>Related Financing Activities</b>                |           |           |
| Acquisition of Property  | (768,423) | 0         |
| Proceeds from Insurance  | 4,880     | 0         |
| Proceeds from Sale of Land   | 535,964   | 0         |
| <i>Net Cash Provided by (Used in) Capital and<br/>Related Financing Activities</i> | (227,579) | 0         |
| <i>Net Increase (Decrease) in Cash<br/>and Cash Equivalents</i>                    | 48,824    | (61,570)  |
| <i>Cash and Cash Equivalents Beginning of Year</i>                                 | 5,318     | 66,888    |
| <i>Cash and Cash Equivalents End of Year</i>                                       | \$54,142  | \$5,318   |

**Greater Cleveland Community Improvement Corporation**  
*Statement of Cash Flows*

*For the Fiscal Years Ended June 30, 2017 and 2016*

|   | 2017            | 2016              |
|---|-----------------|-------------------|
| <b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities</b> |                 |                   |
| Operating Gain (Loss)   | (\$337,203)     | (\$233,980)       |
| Adjustments:  |                 |                   |
| Depreciation  | 6,786           | 13,571            |
| (Increase) Decrease in Assets:  |                 |                   |
| Accounts Receivable   | 0               | 766,109           |
| Land Held for Resale  | 692,565         | (440,911)         |
| Increase (Decrease) in Liabilities:   |                 |                   |
| Accounts Payable  | (298,831)       | 159,039           |
| Taxes Payable   | (864)           | (199)             |
| Duck Creek Deferred Liability   | (31,050)        | 0                 |
| Contracts Payable   | 0               | (325,199)         |
| <i>Net Cash Provided by (Used in) Operating Activities</i>  | <b>\$31,403</b> | <b>(\$61,570)</b> |

See accompanying notes to the basic financial statements

Greater Cleveland Community Improvement Corporation  
Cuyahoga County, Ohio  
Notes to the Financial Statements  
For The Years Ended June 30, 2017 and 2016

**NOTE 1 - DESCRIPTION OF THE CORPORATION AND NATURE OF OPERATIONS**

Greater Cleveland Community Improvement Corporation is a 501 c4 non-profit corporation that was formed to advance, encourage, and promote the industrial, economic, commercial and civil development of the City of Cleveland. The Corporation was formed under Ohio Revised Code Section 1724.02.

The mission is to acquire, reclaim, and manage unimproved and underutilized real estate, to enhance utilization for future constructions of industrial plants, business establishments or housing in the City of Cleveland.

As a non-profit, Greater Cleveland Community Improvement Corporation files an annual Form 990 with the IRS reflecting that financial statements are prepared on the accrual basis.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to not-for-profit corporations. Financial statements follow the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958: *Financial Statements of Not-for-Profit Organizations*. The most significant of the Corporation's accounting policies are described below. Under ASC 958, the Corporation 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.

**Basis of Presentation**

The Corporation's financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

**Cash and Cash Equivalents**

The Corporation considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of one checking account at a commercial bank. Although the balance in this account, at times, may exceed the federal insurance limit, management does not believe that Corporation is exposed to any substantial credit risk.

The Corporation has no investments.

**Land Held for Resale**

Land Held for Resale represents property the Corporation has acquired reclaimed and manages for unimproved and underutilized real estate to enhance utilization for future construction of industrial plants, business establishments or housing in the City. These properties are valued based upon the purchase price plus any costs of maintenance or rehabilitation.

A parcel representing 10% of the available land was sold during 2017 for a loss of \$124,211. There is a pending sale of the balance of approximately 40 acres under negotiation as of June 30, 2017.

**Capital Assets**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year.

Greater Cleveland Community Improvement Corporation  
Cuyahoga County, Ohio  
Notes to the Financial Statements  
For The Years Ended June 30, 2017 and 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|--------------------|------------------------|
| Equipment          | 10 to 15 years         |

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Corporation, these revenues are materials handling, rental income and other operating receipts. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Corporation.

**Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**Deposits**

At June 30, 2017 and 2016, the bank balances and carrying amounts of the Corporation's deposits was \$54,142 and \$5,318, respectively. The entire bank balance was covered by federal deposit insurance.

Greater Cleveland Community Improvement Corporation  
Cuyahoga County, Ohio  
Notes to the Financial Statements  
For The Years Ended June 30, 2017 and 2016

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

|  | Balance<br>07/01/16 | Additions | Deductions  | Balance<br>06/30/17 |
|--|---------------------|-----------|-------------|---------------------|
| Capital Assets, not being depreciated:       |                     |           |             |                     |
| Land   | \$453,201           | \$0       | \$(453,201) | \$0                 |
| Total Capital Assets, not being Depreciated  | 453,201             | 0         | (453,201)   | 0                   |
| Capital Assets, being Depreciated:           |                     |           |             |                     |
| Equipment                                    | 95,000              | 0         | 0           | 95,000              |
| Total Capital Assets, being Depreciated      | 95,000              | 0         | 0           | 95,000              |
| Less Accumulated Depreciation:               |                     |           |             |                     |
| Equipment                                    | (88,214)            | (6,786)   | 0           | (95,000)            |
| Total Accumulated Depreciation               | (88,214)            | (6,786)   | 0           | (95,000)            |
| Total Capital Assets, being Depreciated, net | 6,786               | (6,786)   | 0           | 0                   |
| Total Capital Assets, Net                    | \$459,987           | \$(6,786) | \$(453,201) | \$0                 |

Capital asset activity for the year ended June 30, 2016, was as follows:

|  | Balance<br>07/01/15 | Additions  | Deductions | Balance<br>06/30/16 |
|--|---------------------|------------|------------|---------------------|
| Capital Assets, not being depreciated:       |                     |            |            |                     |
| Land   | \$453,201           | \$0        | \$0        | \$453,201           |
| Total Capital Assets, not being Depreciated  | 453,201             | 0          | 0          | 453,201             |
| Capital Assets, being Depreciated:           |                     |            |            |                     |
| Equipment                                    | 95,000              | 0          | 0          | 95,000              |
| Total Capital Assets, being Depreciated      | 95,000              | 0          | 0          | 95,000              |
| Less Accumulated Depreciation:               |                     |            |            |                     |
| Equipment                                    | (74,643)            | (13,571)   | 0          | (88,214)            |
| Total Accumulated Depreciation               | (74,643)            | (13,571)   | 0          | (88,214)            |
| Total Capital Assets, being Depreciated, net | 20,357              | (13,571)   | 0          | 6,786               |
| Total Capital Assets, Net                    | \$473,558           | \$(13,571) | \$0        | \$459,987           |

Greater Cleveland Community Improvement Corporation  
 Cuyahoga County, Ohio  
 Notes to the Financial Statements  
 For The Years Ended June 30, 2017 and 2016

**NOTE 5 - LONG-TERM DEBT**

A schedule of changes in long-term obligations of the Corporation for the year ended June 30, 2017, follows:

|                             | Amount<br>Outstanding<br>07/01/16 | Additions        | Deletions          | Amount<br>Outstanding<br>06/30/17 | Amounts<br>Due in<br>One Year |
|-----------------------------|-----------------------------------|------------------|--------------------|-----------------------------------|-------------------------------|
| City Core Loan Funding      | \$3,583,000                       | \$0              | \$3,583,000        | \$0                               | \$0                           |
| City Loan #2                | 0                                 | 245,000          | 0                  | 245,000                           | 245,000                       |
| Total Long-term Obligations | <u>\$3,583,000</u>                | <u>\$245,000</u> | <u>\$3,583,000</u> | <u>\$245,000</u>                  | <u>\$245,000</u>              |

A schedule of changes in long-term obligations of the Corporation for the year ended June 30, 2016, follows:

|                             | Amount<br>Outstanding<br>07/01/15 | Additions  | Deletions  | Amount<br>Outstanding<br>06/30/16 | Amounts<br>Due in<br>One Year |
|-----------------------------|-----------------------------------|------------|------------|-----------------------------------|-------------------------------|
| City Core Loan Funding      | \$3,583,000                       | \$0        | \$0        | \$3,583,000                       | \$0                           |
| Total Long-term Obligations | <u>\$3,583,000</u>                | <u>\$0</u> | <u>\$0</u> | <u>\$3,583,000</u>                | <u>\$0</u>                    |

In 2009, the Corporation received a Core City Fund: Economic Development Fund Loan totaling \$4,100,000 in an agreement with the City of Cleveland to provide gap financing to assist in the acquisition and redevelopment of the former ISG Coke Oven Plant site located at I-77 and Pershing Avenue into the Cuyahoga Valley Industrial Center in order to retain and create jobs within the City and increase the City's tax base.

The City of Cleveland Core funding loan balance of \$3,583,000 was eliminated through a deeded infrastructure property exchange as determined by an approved, certified appraiser, as set forth in the original Economic Development Loan Agreement from December 2009.

In 2017, the Corporation received a loan from the City of Cleveland, funded from Urban Development Action Grant Repayments for \$245,000 to partially finance the cost of infrastructure and site improvements at the Cuyahoga Valley Industrial Center.



# 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*

Greater Cleveland Community Improvement Corporation  
Cuyahoga County  
1111 Superior Avenue, Suite 1600  
Cleveland, Ohio 44114

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 Greater Cleveland Community Improvement Corporation, Cuyahoga County, (the Corporation) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2018.

### ***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 opinion 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 report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 31, 2018





# Dave Yost • Auditor of State

**GREATER CLEVELAND COMMUNITY IMPROVEMENT CORPORATION**

**CUYAHOGA 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 18, 2018**