

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA
ASHTABULA COUNTY
REGULAR AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Community Improvement Corporation of Geneva
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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, 2020 through December 31, 2020. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 09, 2021

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Community Improvement Corporation of Geneva

For the Year Ended December 31, 2020

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Independent Auditor's Report

To the Board of Trustees of
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, Ohio), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, 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 these 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 from 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, 2020, 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 28, 2021, 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 solely 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 the effectiveness of the CIC's 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 28, 2021

Community Improvement Corporation of Geneva

Statement of Financial Position

December 31, 2020

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 55,830
Cash held as fiscal agent	94,996
Contributions receivable	19,500
Total current assets	<u>170,326</u>
Non-current assets:	
Capital assets and property held for sale or development, net of accumulated depreciation (Note 4)	<u>60,554</u>
Total assets	\$ <u><u>230,880</u></u>
<u>Liabilities and Net Assets</u>	
Current liabilities:	
Accounts payable	\$ 26,456
Due to other governments	1,416
Funds held as fiscal agent	94,996
Total current liabilities	<u>122,868</u>
Long-term liabilities:	
Due to other governments	<u>44,558</u>
Total liabilities	<u>167,426</u>
Net assets:	
Without donor restrictions	<u>63,454</u>
Total liabilities and net assets	\$ <u><u>230,880</u></u>

The accompanying notes are integral part of these financial statements

Community Improvement Corporation of Geneva

Statement of Activities

For the Year Ended December 31, 2020

Net assets without donor restrictions:

Public support and revenues:

Contributions	\$	35,674
Interest income		303
Other		505
Total public support and revenues		<u>36,482</u>

Expenses:

Program services		39,142
Management and general		12,946
Total expenses		<u>52,088</u>

Change in net assets without donor restrictions (15,606)

Net assets without donor restrictions at beginning of year 79,060

Net assets without donor restrictions at end of year \$ 63,454

The accompanying notes are an integral part of these financial statements

Community Improvement Corporation of Geneva

Statement of Functional Expenses

For the Year Ended December 31, 2020

	Program Services	Supporting Services Management and General	Total
Membership	\$ 806	\$ -	\$ 806
Landscaping	2,520	-	2,520
Insurance	2,333	-	2,333
Property tax	1,416	-	1,416
Software	682	-	682
Miscellaneous	-	2,421	2,421
Office supplies	495	-	495
Depreciation	4,434	-	4,434
Accounting and audit fees	-	10,525	10,525
Repairs & maintenance	26,456	-	26,456
Total expenses	\$ <u>39,142</u>	\$ <u>12,946</u>	\$ <u>52,088</u>

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, 2020

Cash flows from operating activities:	
Change in net assets	\$ (15,606)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,434
Changes in operating assets and liabilities:	
Increase in contributions receivable	(10,838)
Increase in accounts payable	26,456
Increase in funds held as fiscal agent	5,939
Increase in due to other governments	283
Net cash provided by operating activities	<u>10,668</u>
Net change in cash and cash equivalents	10,668
Cash and cash equivalents at beginning of year	<u>140,158</u>
Cash and cash equivalents at end of year	\$ <u><u>150,826</u></u>
Composition of cash and cash equivalents:	
Cash and cash equivalents	\$ 55,830
Cash held as fiscal agent	<u>94,996</u>
Total cash and cash equivalents	\$ <u><u>150,826</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, 2020

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 two classes of net assets: (i) net assets without donor restrictions; and (ii) net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions. The CIC does not have any net assets with donor restrictions as of December 31, 2020.

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.

Revenue Recognition

The CIC recognizes unconditional contributions and grants as revenue in the period in which the promise is received. If there are no donor-imposed restrictions on the use of funds, then those revenues are classified as without donor restrictions. If a donor-imposed restriction exists, then it must be determined if this restriction is with regard to time or purpose, or in perpetuity and classified in the financial statements as net assets with donor restrictions. A donor-imposed restriction is present when the contributor of funds designates a specific purpose or time period in which the funds may be used. At the time when this donor-imposed restriction has been satisfied, net assets with donor restrictions are reclassified as net assets without donor restrictions, and would be disclosed in the statement of activities. There are no net assets with donor restrictions at December 31, 2020.

Community Improvement Corporation of Geneva

Notes to the Financial Statements

December 31, 2020

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Conditional contributions and grants are recognized at their fair value when conditions upon which they depend are substantially met.

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the CIC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Funds Held as Fiscal Agent

Funds held as fiscal agent represent funds held by the CIC for multiple City organizations for which the CIC is serving as a fiscal agent.

Receivables and Allowance for Doubtful Accounts

Receivables represent amounts owed for reimbursement of expenses and grants where the revenue has been recognized as of December 31, 2020 and payment has not yet been received. The carrying amount of receivables is reduced by an allowance that reflects management's best estimate of the amount that will not be collected. Management estimates that no allowance for doubtful accounts was required at December 31, 2020.

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 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.

Community Improvement Corporation of Geneva

Notes to the Financial Statements

December 31, 2020

Note 1: Summary of Significant Accounting Policies (continued)

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, 2020, 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. The CIC classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements.

Functional Expenses

The statement of functional expenses presents expenses by functional and natural classification. Expenses directly attributable to program services and general and administrative are reported as expenses of that functional area. Management estimates that there are no material indirect costs requiring allocation across functional categories.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), that deferred the effective date for the CIC until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which clarifies the presentation of contributed nonfinancial assets as a separate line item in the consolidated statement of activities. This ASU is effective for fiscal years beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022. Management is currently evaluating the impact of this ASU on its financial statements.

Subsequent Events

In preparing these financial statements, the CIC has evaluated events and transactions for potential recognition or disclosure through June 28, 2021, the date the financial statements were available to be issued.

Community Improvement Corporation of Geneva

Notes to the Financial Statements

December 31, 2020

Note 2: Concentrations

At December 31, 2020, the carrying amount of CIC's deposits was \$150,826 and the bank balance was \$152,757, 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.

The CIC owes \$44,558 to the City of Geneva for three parcels of land that are being held for sale.

The City of Geneva paid \$10,525 for accounting and auditing services for the CIC during the year ended December 31, 2020, and \$600 in contributions received by the CIC during the year ended December 31, 2020 were transferred to the City of Geneva.

The CIC paid \$1,500 in bookkeeping services to the Board Treasurer.

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

The CIC's capital assets and property held for sale or development, net of accumulated depreciation, consist of the following at December 31, 2020:

Property held for sale or development	\$ 44,000
Equipment and land improvement	40,431
Less: accumulated depreciation	<u>(23,877)</u>
Capital assets and property held for sale or development, net of accumulated depreciation	\$ <u><u>60,554</u></u>

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

Note 5: Liquidity and Availability of Resources

The CIC's financial assets available within one year of December 31, 2020 for general expenditures are as follows:

Cash and cash equivalents	\$ 55,830
Contributions receivable	<u>19,500</u>
Total financial assets available within one year	\$ <u><u>75,330</u></u>

All financial assets are without donor restriction. Additionally, no Board designations are present.

The CIC maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Community Improvement Corporation of Geneva

Notes to the Financial Statements

December 31, 2020

Note 6: Coronavirus Pandemic Impact

In early calendar 2020, the CIC began dealing with the effects of the Coronavirus pandemic (COVID-19). Disruptions to business operations, including government mandated actions and employee, supplier and customer related challenges have affected many businesses. Management continues to monitor the impact of the pandemic as it unfolds and is unable to determine a reasonable estimate of the effects of the pandemic on its future financial position or operating results given the uncertainties associated with COVID-19 and society's future behaviors.

**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 of
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 (“CIC”) (a nonprofit corporation and a component unit of the City of Geneva, Ohio), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2021.

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) as a basis for designing 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.

To the Board of Trustees of
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 financial statements. 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 this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to 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 28, 2021

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OHIO AUDITOR OF STATE KEITH FABER



COMMUNITY IMPROVEMENT CORPORATION OF GENEVA

ASHTABULA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/22/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov