



OHIO AUDITOR OF STATE
KEITH FABER



**GREATER CLEVELAND COMMUNITY IMPROVEMENT CORPORATION
CUYAHOGA COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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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), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 Corporation, as of June 30, 2019 and 2018, and the changes in its financial position 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 May 21, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

May 21, 2021

Greater Cleveland Community Improvement Corporation
Statement of Fund Net Assets

June 30, 2019

	<u>2019</u>
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$566</u>
<i>Total Current Assets</i>	<u>566</u>
<i>Noncurrent Assets:</i>	
Land Held for Resale	5,667,883
<i>Total Noncurrent Assets</i>	<u>5,667,883</u>
<i>Total Assets</i>	<u>5,668,450</u>
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	746,342
Due to VRPNC	1,968
Accrued Expenses	1,000
RE Taxes Payable	118,285
Duck Creek Deferred Liability	193,950
City Loan 2	<u>245,000</u>
<i>Total Current Liabilities</i>	<u>1,306,545</u>
<i>Total Liabilities</i>	<u>1,306,545</u>
Net Assets	
Net Income	4,361,905
<i>Total Net Assets</i>	<u><u>\$4,361,905</u></u>

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 Year Ended June 30, 2019

	<u>2019</u>
<i>Total Revenue</i>	<u>\$0</u>
Operating Expenses	
Bank Charges	97
Licenses and Permits	164
Insurance	13,002
Taxes	<u>66,993</u>
<i>Total Operating Expenses</i>	<u>80,256</u>
<i>Operating Income (Loss)</i>	<u>(80,256)</u>
<i>Change in Net Assets</i>	(80,256)
<i>Net Assets Beginning of Year</i>	<u>4,442,161</u>
<i>Net Assets End of Year</i>	<u><u>\$4,361,905</u></u>

See accompanying notes to the basic financial statements

Greater Cleveland Community Improvement Corporation
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2019

	<u>2019</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Payments for Goods and Services	<u>(\$97)</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(97)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(97)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>663</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$566</u></u>

Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities

Operating Gain (Loss)	(\$80,256)
Increase (Decrease) in Liabilities:	
Accounts Payable	13,166
Taxes Payable	<u>66,993</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u><u>(\$97)</u></u>

See accompanying notes to the basic financial statements

Greater Cleveland Community Improvement Corporation
Cuyahoga County, Ohio
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2019

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, 2019.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. There are no capital assets.

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.

Greater Cleveland Community Improvement Corporation
 Cuyahoga County, Ohio
 Notes to the Financial Statements
 For The Fiscal Year Ended June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019, the bank balances and carrying amounts of the Corporation's deposits was \$566. The entire bank balance was covered by federal deposit insurance.

NOTE 4 - LONG-TERM DEBT

A schedule of changes in long-term obligations of the Corporation for the year ended June 30, 2019, follows:

	Amount Outstanding 07/01/19	Additions	Deletions	Amount Outstanding 06/30/20	Amount Due After Sale
City Loan #2	245,000			245,000	245,000
Total Long-term Obligations	\$245,000			\$245,000	\$245,000

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.

NOTE 5 – SUBSEQUENT EVENT

In August 2019, the Corporation was notified that the land purchase contract in effect at June 30, 2019 was terminated by the Purchaser within terms of the purchase contract. The GCCIC continues to market the remaining 40.6 acres through its real estate broker.

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Greater Cleveland Community Improvement Corporation
Statement of Fund Net Assets

June 30, 2018

	<u>2018</u>
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$663</u>
<i>Total Current Assets</i>	<u>663</u>
<i>Noncurrent Assets:</i>	
Land Held for Resale	5,667,883
<i>Total Noncurrent Assets</i>	<u>5,667,883</u>
<i>Total Assets</i>	<u>5,668,546</u>
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	735,144
Due to VRPNC	0
Accrued Expenses	1,000
RE Taxes Payable	51,291
Duck Creek Deferred Liability	193,950
City Loan 2	<u>245,000</u>
<i>Total Current Liabilities</i>	<u>1,226,385</u>
<i>Total Liabilities</i>	<u>1,226,385</u>
Net Assets	
Net Income	4,442,161
<i>Total Net Assets</i>	<u><u>\$4,442,161</u></u>

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 Year Ended June 30, 2018

	2018
<i>Total Revenue</i>	<u>\$0</u>
Operating Expenses	
Asset Management	83,215
Bank Charges	45
Dues, Fees, Subscriptions	310
Legal and Professional	23,383
Licenses and Permits	2,599
Insurance	8,116
Site Development	19,590
Utilities	2,395
Taxes	<u>61,468</u>
<i>Total Operating Expenses</i>	<u>201,121</u>
<i>Operating Income (Loss)</i>	<u>(201,121)</u>
Non-Operating Revenues (Expenses)	
Escrow Funds Returned	<u>45,000</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>45,000</u>
<i>Change in Net Assets</i>	(156,121)
<i>Net Assets Beginning of Year</i>	<u>4,598,282</u>
<i>Net Assets End of Year</i>	<u><u>\$4,442,161</u></u>

See accompanying notes to the basic financial statements

Greater Cleveland Community Improvement Corporation
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2018

	2018
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$86,000
Cash Payments for Goods and Services	(184,479)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<i>(98,479)</i>
Cash Flows from Noncapital Financing Activities	
Escrow Funds Returned	45,000
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<i>45,000</i>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>(53,479)</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>54,142</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$663</i>
 Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Gain (Loss)	(\$201,121)
Land Held for Resale	(135,960)
Increase (Decrease) in Liabilities:	
Accounts Payable	206,561
Taxes Payable	31,041
Accrued Expenses	1,000
<i>Net Cash Provided by (Used in) Operating Activities</i>	<i>(\$98,479)</i>

See accompanying notes to the basic financial statements

Greater Cleveland Community Improvement Corporation
Cuyahoga County, Ohio
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2018

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.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. There are no capital assets.

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.

Greater Cleveland Community Improvement Corporation
 Cuyahoga County, Ohio
 Notes to the Financial Statements
 For The Fiscal Year Ended June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018, the bank balances and carrying amounts of the Corporation's deposits was \$663. The entire bank balance was covered by federal deposit insurance.

NOTE 4 - LONG-TERM DEBT

A schedule of changes in long-term obligations of the Corporation for the year ended June 30, 2018, follows:

	Amount Outstanding 07/01/18	Additions	Deletions	Amount Outstanding 06/30/19	Amount Due After Sale
City Loan #2	245,000			245,000	245,000
Total Long-term Obligations	\$245,000			\$245,000	\$245,000

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.

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OHIO AUDITOR OF STATE KEITH FABER



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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 Cuyahoga
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, (the Corporation) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2021.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

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 financial statements. 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*.

Corporation's Response to Findings

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Corporation's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Keith Faber
Auditor of State
Columbus, Ohio

May 21, 2021

**GREATER CLEVELAND COMMUNITY IMPROVEMENT CORPORATION
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Real Estate Tax Payable Valuation

FINDING NUMBER 2019-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following misstatement was noted, and an adjustment to the financial statements was made accordingly by management:

- Real Estate Taxes Payable at June 30, 2018 was understated by \$31,040.

Lack of financial statement review and oversight by management can lead to statements being significantly incorrect and potential findings for recovery for adjustments against the Corporation.

The Corporation should review the statements for obvious inconsistencies or omissions prior to reports being filed on the Hinkle System.

Official's Response:

The real estate tax recorded during the audit period was accurate at that moment based upon information received from Cuyahoga County. The County had difficulty in recording ownership change after sale of parcels and therefore tax calculations from the County were incorrect. Upon reconciliation of the issue, an adjustment was made to the real estate taxes in June 2020. The Asset Manager had previously filed financial statements with Hinkle and Form 990 with the IRS. The decision was made to make the adjustment in a subsequent period rather than amending and refiling prior period financial statements and tax returns. That is why the adjustment was not made within the audit period.

OHIO AUDITOR OF STATE KEITH FABER



GREATER CLEVELAND COMMUNITY IMPROVEMENT CORPORATION

CUYAHOGA 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 7/6/2021

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