

COMMUNITY IMPROVEMENT
CORPORATION OF SUMMIT, MEDINA
AND PORTAGE COUNTIES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2001 AND 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P. O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490
www.auditor.state.oh.us

Board of Trustees
CIC of Summit, Medina and Portage Counties
One Cascade Plaza, 8th Floor
Akron, Ohio 44308

We have reviewed the Independent Auditor's Report of the CIC of Summit, Medina and Portage Counties, prepared by Brott Mardis & Co., for the audit period January 1, 2001 through December 31, 2001. 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 CIC of Summit, Medina and Portage Counties is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

November 6, 2002

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COMMUNITY IMPROVEMENT CORPORATION
OF SUMMIT, MEDINA AND PORTAGE COUNTIES

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2001 AND 2000

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BROTT MARDIS & CO.

Certified Public Accountants

106 South Main St., Suite 1306, Akron, Ohio 44308-1418
330-762-5022 fax: 330-762-2727 www.brottmardis.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Community Improvement Corporation
of Summit, Medina and Portage Counties
Akron, Ohio

We have audited the accompanying statements of financial position of Community Improvement Corporation of Summit, Medina, and Portage Counties (a nonprofit organization) as of December 31, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Improvement Corporation of Summit, Medina and Portage Counties as of December 31, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2002, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Brott Mardis & Co.

March 28, 2002

**COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES**

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2001	2000
CURRENT ASSETS:		
Cash and cash equivalents	\$139,606	\$165,658
Certificates of deposit	178,472	168,874
Accounts receivable	13,800	19,800
Accrued interest receivable	2,361	4,100
	334,239	358,432
 FIXED ASSETS:		
Furniture and fixtures	416	416
Less accumulated depreciation	416	278
	-	138
 TOTAL ASSETS	\$334,239	\$358,570

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$8,937	\$32,854
TOTAL LIABILITIES	8,937	32,854
 NET ASSETS:		
Unrestricted:		
Designated by the board for economic development - CAPP - NOTE B	47,836	47,836
Undesignated	277,466	277,880
TOTAL NET ASSETS	325,302	325,716
 TOTAL LIABILITIES AND NET ASSETS	\$334,239	\$358,570

See notes to financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES**

STATEMENTS OF ACTIVITIES

	Years Ended December 31	
	2001	2000
REVENUE:		
Project fees	\$25,110	\$47,640
Interest income	12,362	16,354
TOTAL REVENUE	37,472	63,994
 EXPENSES:		
Administrative	30,329	32,410
Economic development - CAPP	-	9,000
Professional fees	3,389	
Miscellaneous	3,905	-
Bank service charge	125	125
Special project	-	-
Depreciation	138	139
TOTAL EXPENSES	37,886	41,674
 (DECREASE) INCREASE IN NET ASSETS	(414)	22,320
 NET ASSETS AT BEGINNING OF YEAR	325,716	303,396
 NET ASSETS AT END OF YEAR	\$325,302	\$325,716

See notes to financial statements.

**COMMUNITY IMPROVEMENT CORPORATION OF
SUMMIT, MEDINA AND PORTAGE COUNTIES**

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) increase in net assets	(\$414)	\$22,320
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	138	139
Decrease (increase) in accounts receivable	6,000	(10,175)
Decrease (increase) in interest receivable	1,739	(1,020)
(Decrease) increase in accounts payable	(23,917)	29,912
Net cash (used in) provided by operating activities	(16,454)	41,176
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	-	-
Purchases of certificates of deposit	(9,598)	(2,008)
Net cash used in investing activities	(9,598)	(2,008)
 NET (DECREASE) INCREASE IN CASH	(26,052)	39,168
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	165,658	126,490
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$139,606	\$165,658

See notes to financial statements.

**COMMUNITY IMPROVEMENT CORPORATION
OF SUMMIT, MEDINA AND PORTAGE COUNTIES**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

The Community Improvement Corporation (the Corporation) was organized to promote the industrial, commercial, civic and economic development of Summit, Medina and Portage Counties.

FINANCIAL STATEMENT PRESENTATION

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, 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, based upon the existence or absence of donor-imposed restrictions. A description of these categories follows:

Unrestricted net assets represent the operations of the Corporation, including net assets designated by the Board of Trustees.

Temporarily restricted net assets represent amounts received that were restricted by the donor or grantor for a specific use or time period. The Corporation has no temporarily restricted net assets at this time.

Permanently restricted net assets represent amounts received for which the principal must be preserved and only the income is available for use. The Corporation has no permanently restricted net assets at this time.

CASH EQUIVALENTS

For purposes of the statements of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due during the next fiscal year. No allowance for uncollectible amounts is deemed necessary.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS

Fixed assets are recorded at cost. Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets. Expenditures for repairs and maintenance are charged to expense as incurred, whereas major betterments are capitalized.

INCOME TAXES

The Community Improvement Corporation is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

B. RELATED PARTY TRANSACTIONS

The Akron Regional Development Board (ARDB), related through common officers, provides all administrative services necessary to carry out the operations of the Community Improvement Corporation. The Corporation paid the Development Board \$30,329 in 2001 and \$32,854 in 2000 for administrative services. The Corporation owed the Development Board \$8,937 at December 31, 2001 and \$32,854 at December 31, 2000.

During 1992, the Community Improvement Corporation entered into a loan agreement with Akron Regional Development Board, whereby the Community Improvement Corporation will lend up to \$200,000 to Akron Regional Development Board for the Capital Access Plus Program which promotes economic development. The loan will be drawn in advances as needed until the aggregate principal amount of all the advances totals the \$200,000. A forgiveness of debt clause exists for a dollar-for-dollar reduction in principal balance whenever the Capital Access Plus Program experiences any claims out of its loan loss reserve account. The activity for the CAPP program is as follows:

B. RELATED PARTY TRANSACTIONS (Continued)

Initial agreement	\$200,000
Advances made December 31, 1992	(17,830)
Advances made December 31, 1993	(37,733)
Advances made December 31, 1994	(31,081)
Advances made December 31, 1995	(13,720)
Advances made December 31, 1996	(17,550)
Advances made December 31, 1997	(5,000)
Advances made December 31, 1998	(15,250)
Advances made December 31, 1999	(5,000)
Advances made December 31, 2000	(9,000)
Advances made December 31, 2001	—
Balance available	<u>\$ 47,836</u>

Total claims made out of the ARDB loan reserve accounts are as follows:

December 31, 1992	\$284,143
December 31, 1993	21,506
December 31, 1994	20,903
December 31, 1995	56,910
December 31, 1996	17,432
December 31, 1997	49,932
December 31, 1998	107,344
December 31, 1999	90,851
December 31, 2000	23,067
December 31, 2001	<u>213,548</u>
	<u>\$885,636</u>

C. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of temporary cash investments. The Corporation places its temporary cash investments with financial institutions and other companies. At December 31, 2001 and 2000, there were no uninsured cash balances maintained in financial institutions. Additionally, the Corporation had approximately \$140,000 in 2001 and \$166,000 in 2000, respectively, invested in money market accounts at local brokerage firms, which is not insured by the Federal Deposit Insurance Corporation.



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Community Improvement Corporation of
Summit, Medina and Portage Counties
Akron, Ohio

We have audited the financial statements of Community Improvement Corporation of Summit, Medina and Portage Counties (a nonprofit organization) as of and for the year ended December 31, 2001, and have issued our report thereon dated March 28, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Summit, Medina and Portage Counties' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 rests of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Community Improvement Corporation of Summit, Medina and Portage Counties' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, and is not intended to be and should not be used by anyone other than these specified parties.

Brott Mardis & Co.

Akron, Ohio



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C.I.C. OF SUMMIT, MEDINA AND PORTAGE COUNTIES

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 19, 2002**