

**COMMUNITY IMPROVEMENT CORPORATION OF
CUYAHOGA FALLS**

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Community Improvement Corporation of Cuyahoga Falls
2310 Second Street
Cuyahoga Falls, Ohio 44221

We have reviewed the Independent Auditor's Report of the Community Improvement Corporation of Cuyahoga Falls, Summit County, prepared by James G. Zupka, CPA, Inc. for the audit period January 1, 2004 through December 31, 2004. 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 Cuyahoga Falls is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 13, 2005

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COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2004

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136
Accountants

Ohio Society of Certified Public

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Improvement Corporation of Cuyahoga Falls
Cuyahoga Falls, Ohio

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Cuyahoga Falls (the Corporation), a component unit of the City of Cuyahoga Falls, Ohio, as of December 31, 2004, and the related statements of activities and cash flows for the year 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 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 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 audit provides 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 the Community Improvement Corporation of Cuyahoga Falls as of December 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated April 1, 2005 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 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.

James G. Zupka, CPA, Inc.
Certified Public Accountant

April 1, 2005

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004

Assets

Current Assets

Cash	\$ 776,368
Loan Receivable - Current	<u>10,562</u>
Total Current Assets	786,930
Loan Receivable, Net of Current	<u>95,948</u>
Total Assets	<u>882,878</u>

Liabilities

Deferred Revenue	<u>120</u>
Total Liabilities	<u>120</u>

Net Assets

Unrestricted	312,713
Temporarily Restricted	<u>570,045</u>
Total Net Assets	<u>\$ 882,758</u>

The notes to the financial statements are an integral part of this statement.

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Interest	\$ 15,022	\$ 0	\$ 15,022
Rents	1,020	0	1,020
Tax Incentive Financing	<u>0</u>	<u>90,772</u>	<u>90,772</u>
Total Revenues	<u>16,042</u>	<u>90,772</u>	<u>106,814</u>
<u>Expenses</u>			
Community Improvement Grant	2,200	0	2,200
Postage	74	0	74
Professional Services	4,550	0	4,550
Accounting and Audit	<u>1,151</u>	<u>0</u>	<u>1,151</u>
Total Expenses	<u>7,975</u>	<u>0</u>	<u>7,975</u>
Increase in Net Assets	8,067	90,772	98,839
Net Assets, Beginning of Year	<u>304,646</u>	<u>479,273</u>	<u>783,919</u>
Net Assets, End of Year	<u>\$ 312,713</u>	<u>\$ 570,045</u>	<u>\$ 882,758</u>

The notes to the financial statements are an integral part of this statement.

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>			
Cash Received from Contributions	\$ 0	\$ 90,772	\$ 90,772
Cash Received from Loans	16,203	0	16,203
Cash Received from Other Sources	8,001	0	8,001
Cash Payments for Operating Expenses	<u>(7,975)</u>	<u>0</u>	<u>(7,975)</u>
Net Cash Provided by Operating Activities	<u>16,229</u>	<u>90,772</u>	<u>107,001</u>
Net Increase in Cash	16,229	90,772	107,001
Cash and Cash Equivalents, Beginning of Period	<u>190,094</u>	<u>479,273</u>	<u>669,367</u>
Cash and Cash Equivalents, End of Period	<u>\$ 206,323</u>	<u>\$ 570,045</u>	<u>\$ 776,368</u>
<u>Reconciliation of Operating to Net Cash Used for Operating Activities</u>			
Increase in Net Assets	\$ 8,067	\$ 90,772	\$ 98,839
Change in Assets and Liabilities:			
(Increase) Decrease in:			
Receivables, Loans	8,042	0	8,042
Increase (Decrease) in:			
Deferred Revenue	<u>120</u>	<u>0</u>	<u>120</u>
Net Cash Provided by Operating Activities	<u>\$ 16,229</u>	<u>\$ 90,772</u>	<u>\$ 107,001</u>

The notes to the financial statements are an integral part of this statement.

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of the Reporting Entity

The Community Improvement Corporation of Cuyahoga Falls (the Corporation) was formed in June 1970 and incorporated as a corporation not-for-profit under Title XVII, Chapters 1702 and 1724 of the Ohio Revised Code. The Corporation is discretely presented as a component unit of the City of Cuyahoga Falls.

The status purpose of the Corporation is to advance, encourage, and promote the industrial, commercial, civic, and economic development of the City of Cuyahoga Falls, Ohio, under the applicable sections of the Ohio Revised Code.

NOTE 2: **SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Corporation is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The Corporation accounts for period revenue and expense using the accrual method, recognizing revenues when earned and expenses when incurred.

A. **Financial Statement Presentation**

The Corporation prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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. In addition, the Corporation is required to present a statement of cash flows. At December 31, 2004, the Corporation did not have any permanently restricted net assets.

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 2: **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501c(4) of the Internal Revenue Code. The Corporation is not classified as a private foundation and, as such, is not subject to Federal, State, or local income taxes.

C. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Corporation considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3: **LOANS RECEIVABLE**

During 1999, the Corporation loaned \$150,000 to LeFever's Riverfront Grille. The loan period is ten years in duration and bears interest at 7.5 percent per annum. Monthly installments of \$1,696.26, including interest, began May 15, 2000. The Corporation suspended loan payments from January 2003 through April 2004, and suspended interest for January 2003 through December 2003. Interest accrued from January 2004 through April 2004. Payments resumed in April 2004, with monthly payments of \$2,025.40, including interest.

COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

NOTE 4: **CONCENTRATION OF CREDIT RISK**

The Corporation has interest bearing deposits in one commercial bank account. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash and cash equivalents at the institution exceeded federally insured limits. The amount in excess of the FDIC limit totaled \$676,368 as of December 31, 2004.

NOTE 5: **NET ASSETS**

Unrestricted Funds

These funds have no imposed stipulations and the funds are used for general operating purposes deemed necessary by the Board of Trustees.

Temporarily Restricted Funds

Tax Incentive Financing funds (TIF) are restricted for the acquisition of property, clearance, and redevelopment or rehabilitation of the Front and Center Renewal Project Area, and for the future uses of land situation within the project area.

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

Board of Trustees
Community Improvement Corporation of Cuyahoga Falls
Cuyahoga Falls, Ohio

We have audited the financial statements of the Community Improvement Corporation of Cuyahoga Falls (the Corporation) (a non-profit organization), a component unit of the City of Cuyahoga Falls, Ohio, as of and for the year ended December 31, 2004, and have issued our report thereon dated April 1, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's 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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Corporation in a separate letter dated April 1, 2005.

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

James G. Zupka, CPA, Inc.
Certified Public Accountants

April 1, 2005



**Auditor of State
Betty Montgomery**

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COMMUNITY IMPROVEMENT CORPORATION OF CUYAHOGA FALLS

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
SEPTEMBER 27, 2005**