

Community Improvement Corporation of Geneva

**Financial Statements
December 31, 2010**



Dave Yost • Auditor of State

Board of Trustees
Community Improvement Corporation of Geneva
44 N. Forest Street
P.O. Box 724
Geneva, Ohio 44041-0724

We have reviewed the *Independent Auditors' Report* of the Community Improvement Corporation of Geneva, Ashtabula County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2010 through December 31, 2010. 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 "Dave Yost".

Dave Yost
Auditor of State

August 18, 2011

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Community Improvement Corporation of Geneva

For the Year Ended December 31, 2010

Table of Contents	Page
Independent Auditors' Report.....	1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements.....	5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8

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Independent Auditors' Report

To the Board of Trustees
Community Improvement Corporation of Geneva

We have audited the accompanying statement of financial position of the Community Improvement Corporation of Geneva ("CIC") (a nonprofit organization and component unit of the City of Geneva) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the CIC'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 CIC as of December 31, 2010, and the respective changes in its net assets and 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 also issued our report dated June 30, 2011, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 30, 2011

Community Improvement Corporation of Geneva

Statement of Financial Position

December 31, 2010

Assets

Assets:

Current assets:

Cash and cash equivalents	\$	38,924
Cash held as fiscal agent		59,949
Accounts receivable, net of allowance for doubtful of accounts of \$1,888		9,577

Non-current assets:

Capital assets and property held for sale or development, net of accumulated depreciation		<u>524,792</u>
Total assets	\$	<u><u>633,242</u></u>

Liabilities and Net Assets

Liabilities:

Current:

Accounts payable	\$	377
Due to other governments		4,265
Funds held as fiscal agent		<u>59,949</u>
Total liabilities		<u><u>64,591</u></u>

Long-term:

Due to other governments		<u>44,558</u>
Total liabilities		<u><u>109,149</u></u>

Net assets:

Unrestricted		<u>524,093</u>
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Total liabilities and net assets	\$	<u><u>633,242</u></u>
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The accompanying notes are an integral part of these financial statements

Community Improvement Corporation of Geneva

Statement of Activities

For the Year Ended December 31, 2010

	<u>Unrestricted</u>
Public support and revenues:	
Investment income	\$ 967
Contributions	35,032
Donated land	306,400
Other	<u>4,641</u>
Total revenue	<u>347,040</u>
Expenses:	
Economic development	39,054
Accounting and auditing	4,823
Depreciation expense	2,733
Fundraising expense	1,313
Other	<u>160</u>
Total expenses	<u>48,083</u>
Change in net assets	298,957
Net assets at beginning of year	<u>225,136</u>
Net assets at end of year	\$ <u><u>524,093</u></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, 2010

Cash flows from operating activities:	
Change in net assets	\$ 298,957
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donated land	(306,400)
Depreciation	2,733
Provision for uncollectible accounts	(50)
Changes in operating assets and liabilities:	
Decrease in accounts receivable	722
Decrease in accounts payable	(2,397)
Decrease in due to other governments	(1,594)
Increase in funds held for fiscal agent	<u>14,628</u>
Net change in cash	6,599
Cash and cash equivalents at beginning of year	<u>92,274</u>
Cash and cash equivalents at end of year	\$ <u><u>98,873</u></u>

The accompanying notes are an integral part of these financial statements

Community Improvement Corporation of Geneva

Notes to the Financial Statements

For the Year Ended December 31, 2010

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 (“CIC”).

Nature of Activities

The CIC was incorporated in July 1997 by the City of Geneva (“the City”) under Sections 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, non-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 entities of the Financial Accounting Standards Board (“FASB”) which establishes 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 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. The CIC does not have any temporarily restricted or permanently restricted net assets.

Basis of Accounting

The financial statements of the CIC have been prepared on the accrual basis of accounting. Due to the nature and significant of the CIC’s relationship to the City, the CIC is presented as a component unit of the City.

Contributions

Contributions received are recorded as unrestricted support unless there are any donor imposed restrictions. As of December 31, 2010, the CIC had no restricted contributions.

Community Improvement Corporation of Geneva

Notes to the Financial Statements (continued)

For the Year Ended December 31, 2010

Note 1: Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Capital Assets

All capital assets and other property are stated at cost. Donated property is capitalized at estimated fair value at the date of donation. Property valued at \$512,600 at December 31, 2010 was donated by the City of Geneva and outside donors.

The CIC capitalizes asset purchases having a cost of \$500 or more. The CIC depreciates the capital assets other than land using the straight line method based on the estimated useful life of the assets at ten years.

Income Taxes

The CIC has qualified for a tax exemption under Section 501c(3) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

Subsequent Events

In preparing these financial statements, the CIC has evaluated events and transactions for potential recognition or disclosure through June 30, 2011, the date the financial statements were available to be issued.

Note 2: Concentrations

At December 31, 2010, the carrying amount of CIC's deposits was \$98,873, and the bank balance was \$99,297, which was covered by Federal Depository Insurance.

Community Improvement Corporation of Geneva

Notes to the Financial Statements (continued)

For the Year Ended December 31, 2010

Note 3: Fair Value Measurements

In accordance with the “Fair Value Measurements” topic of the FASB ASC, the CIC uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management’s judgment about the assumptions that a market participant would use in pricing the asset and are based on the best available information, which has been internally developed.

In accordance with the “Fair Value Measurements” topic of the FASB ASC, the CIC has elected to not apply the provisions of topic 820, as discussed in paragraph 820-10-15-1A of the FASB ASC, to non-financial assets and liabilities, except for those items that are recognized or disclosed at fair value in an entity’s financial statements on a recurring basis.

Financial assets consisted of the following at December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposits	\$ <u>17,241</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>17,241</u>

Note 4: 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.

In prior years, the City of Geneva transferred two land parcels to the CIC. The amount outstanding at December 31, 2010 is \$44,558 which is included in “Due to Other Governments” on the Statement of Financial Position. Once the CIC sells the land to either a developer or business, the CIC will pay the City this balance.

Note 5: Capital Assets

The CIC’s property and equipment consist of the following at December 31, 2010:

Land	\$ 512,600
Equipment	27,330
Less: accumulated depreciation	<u>(15,138)</u>
Total	\$ <u>524,792</u>

**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
Community Improvement Corporation of Geneva

We have audited the financial statements of the Community Improvement Corporation of Geneva (the "CIC"), a component units of the City of Geneva, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011. 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 CIC's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CIC's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Trustees
Community Improvement Corporation of Geneva

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CIC'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 is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Auditor of State's Office, Board of Trustees, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Panichi, Inc.

Cleveland, Ohio
June 30, 2011

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Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF GENEVA

ASHTABULA 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 1, 2011**