

**COMMUNITY IMPROVEMENT CORPORATION OF THE  
STEUBENVILLE, OHIO AREA  
JEFFERSON COUNTY**

**AUDIT REPORT**

***For the 15 Months Ended March 31, 2013***







# Dave Yost • Auditor of State

Board of Directors  
The Community Improvement Corporation of the Steubenville, Ohio Area  
630 Market Street  
Steubenville, OH 43952

We have reviewed the *Independent Auditors' Report* of The Community Improvement Corporation of the Steubenville, Ohio Area, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through March 31, 2013. 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 the Steubenville, Ohio Area is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 19, 2013

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**COMMUNITY IMPROVEMENT CORPORATION OF THE  
STEUBENVILLE, OHIO AREA  
JEFFERSON COUNTY**

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***Charles E. Harris & Associates, Inc.***  
***Certified Public Accountants***

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## **INDEPENDENT AUDITORS' REPORT**

The Community Improvement Corporation of the  
Steubenville, Ohio Area  
Jefferson County  
630 Market Street  
Steubenville, OH 43952

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Community Improvement Corporation of the Steubenville, Ohio Area, Jefferson County, Ohio (the Corporation), as of and for the 15 months ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's 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 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 opinions.

### ***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 the Steubenville, Ohio Area, Jefferson County, Ohio, as of March 31, 2013, and the changes in its financial position and its cash flows for the 15 months then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 12 to the financial statements, the Corporation terminated operations on March 30, 2013.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2013, 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.



***Charles E. Harris & Associates, Inc.***  
September 28, 2013

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF THE STEUBENVILLE, OHIO AREA  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2013**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 298,574
Receivables:	
Current Portion of Loans Receivable	11,050

Total Current Assets 309,624

Capital Assets

Furniture, Fixtures and Office Equipment	24,615
Less Accumulated Depreciation	(20,985)

Total Capital Assets 3,630

Other Assets

Long Term Loans Receivable	103,773
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Total Other Assets 103,773

**TOTAL ASSETS** \$ 417,027

**LIABILITIES**

Accrued Wages and Payroll Taxes	\$ 788
Deferred Revenue	30,000

**TOTAL LIABILITIES** \$ 30,788

**NET ASSETS**

Temporarily Restricted	\$ 308,029
Unrestricted	78,210

**TOTAL NET ASSETS** \$ 386,239

*The notes to the financial statements are an integral part of these statements.*



**THE COMMUNITY IMPROVEMENT CORPORATION  
OF THE STEUBENVILLE, OHIO AREA  
STATEMENT OF ACTIVITIES  
FOR THE 15 MONTHS ENDED MARCH 31, 2013**

	Unrestricted	Temporarily Restricted	Total
<b><u>SUPPORT AND REVENUES:</u></b>			
Contributions From Local Governments	\$ -	\$ 100,750	\$ 100,750
Contributions From Private Donations	-	156,072	156,072
Interest	713	4,915	5,628
<b>TOTAL SUPPORT AND REVENUES</b>	713	261,737	262,450
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of Terms and Conditions	344,691	(344,691)	-
<b>TOTAL OPERATING REVENUES</b>	345,404	(82,954)	262,450
<b>PROGRAM SERVICES EXPENSES</b>			
Progress Alliance	344,641	-	344,641
Revolving Loan	50	-	50
<b>TOTAL PROGRAM SERVICES EXPENSES</b>	344,691	-	344,691
<b>Changes in Net Assets</b>	713	(82,954)	(82,241)
Net Assets (Deficit) Beginning of Year	77,497	390,983	468,480
Net Assets (Deficit) End of Year	\$ 78,210	\$ 308,029	\$ 386,239

*The notes to the financial statements are an integral part of these statements.*

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF THE STEUBENVILLE, OHIO AREA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE 15 MONTHS ENDED MARCH 31, 2013**

	Program Services		Total Program Services
	Progress Alliance	RLP	
Salaries and Wages	\$ 183,238	\$ -	\$ 183,238
Payroll Taxes and Benefits	35,138	-	35,138
Travel/Meeting Expenses	6,125	-	6,125
Office Expense	6,006	-	6,006
Insurance	7,480	-	7,480
Telephone	7,844	-	7,844
Rent	24,000	-	24,000
Marketing and Advertising	18,825	-	18,825
Professional Fees	13,356	-	13,356
Contributions	24,733	-	24,733
Other Expenses	15,610	50	15,660
Total Expense Before Depreciation	342,355	50	342,405
Depreciation	2,286	-	2,286
Total Expenses	\$ 344,641	\$ 50	\$ 344,691

*The notes to the financial statements are an integral part of these statements.*

**THE COMMUNITY IMPROVEMENT CORPORATION  
OF THE STEUBENVILLE, OHIO AREA  
STATEMENT OF CASH FLOWS  
FOR THE 15 MONTHS ENDED MARCH 31, 2013**

<b>Cash flows from operating activities:</b>	
Cash Received from Grants	\$ 100,750
Cash Received from Private Sources	156,228
Cash Received from Interest	5,796
Cash Paid for Employees	(219,482)
Cash Paid for Goods and Services	<u>(124,029)</u>
<i>Net cash provided/(used) for operating activities</i>	<u>(80,737)</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchase of Equipment	<u>(435)</u>
<i>Net cash provided/(used) for capital and related financing activities</i>	(435)
<b>Cash flows from investing activities:</b>	
Loan payments	<u>16,786</u>
<i>Net cash provided/(used) for investing activities</i>	<u>16,786</u>
Net increase/(decrease) in cash and cash equivalents	(64,386)
<i>Cash and cash equivalents, January 1, 2012</i>	<u>362,960</u>
<i>Cash and cash equivalents, March 31, 2013</i>	<u><u>\$ 298,574</u></u>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities</b>	
Net operating income/(loss)	\$ (82,241)
Adjustments:	
Depreciation expense	2,286
(Increase)/decrease in assets:	
Accounts receivable	156
Accrued interest receivable	168
Increase/(decrease) in liabilities:	
Accrued wages and payroll taxes	<u>(1,106)</u>
Total Adjustments	<u>1,504</u>
<i>Net cash provided/(used) for operating activities</i>	<u><u>\$ (80,737)</u></u>

*The notes to the financial statements are an integral part of these statements.*

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE  
STEUBENVILLE, OHIO AREA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES**

The Community Improvement Corporation of the Steubenville, Ohio Area is a nonprofit Organization established for the purpose of advancing, encouraging and promoting the industrial, commercial and civic development of the Steubenville, Ohio area. It has accomplished this function by maintaining the local revolving loan program, and acting as a conduit between prospective businesses and the state and local governments. The Organization's funding is provided mainly by administering and operating their ventures, as well as, Federal, State and Local grants for the revolving loan program and contributions from local government, local businesses and individuals for Progress Alliance.

**BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor or grant restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor or grantor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**SUPPORT AND REVENUE - CONTRIBUTIONS**

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

**LAND, BUILDING, FURNITURE, FIXTURES AND EQUIPMENT**

Furniture, fixtures and equipment are carried at cost or donated fair value and include expenditures for major renewals and betterments. Maintenance, repairs, and minor renewals are charged to expense as incurred. When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which it is disposed. Depreciation is computed by an accelerated method based upon the estimated useful lives of the assets.

Depreciation of \$2,286 has been charged to operations for the 15 months ended March 31, 2013.

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE  
STEUBENVILLE, OHIO AREA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**LOANS RECEIVABLE**

Loans receivable are stated at unpaid principal balances. The Organization uses the direct write off method for recording losses on loans receivable.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

**INCOME TAXES**

The Organization is exempt from federal income taxes under Internal Revenue Code 501(c)(6) and therefore has made no provision for federal income taxes in the accompanying financial statements.

**FUNCTIONAL ALLOCATION OF EXPENSES**

Costs are reported by function under program services and support services in the statement of functional expenses.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**INVESTMENT SECURITIES**

The Organization has classified all of its investment securities as Available for Sale Securities. Realized security gains and losses are computed using the specific identification method. Interest and dividends on investment securities are recognized as income when earned.

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE  
STEUBENVILLE, OHIO AREA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013**

**2. CASH AND CASH EQUIVALENTS**

Account Name	Balances
Huntington Bank - EDA Sequestered Funds	\$ 46,120
PNC Bank - CIC ODOD	60
Peoples National Bank - EDA Road Fund	121,651
First National Bank - Operating Account	19,588
US Bank- RLF EDA Grant	111,155
Total Cash and Cash Equivalents	<u>\$ 298,574</u>

At March 31, 2013 the Community Improvement Corporation of the Steubenville, Ohio Area had no deposits with any bank in excess of FDIC limits.

**3. LOANS RECEIVABLE**

The Organization began a revolving loan fund in 1990 with the first loan activity occurring in 1991. The revolving loan fund was established to provide loans to industrial, manufacturing and retail entities in order to retain or create jobs and promote economic development.

The project loans are funded with local matching dollars wherein one (1) local dollar of Community Development Block Grant Funds is matched with three (3) federal dollars from the Economic Development Administration.

The loan program consists of available loan funding maximized at \$400,000 for two (2) specific programs. Program One consists of available loan funding for those projects located exclusively within the City limits of Steubenville, Ohio while Program Two consists of available loan funding for those projects located exclusively in Jefferson County, Ohio excluding the City limits of Steubenville, Ohio. Each program began with a maximum loan funding of \$200,000.

The loans are secured and collateralized, when applicable, by the underlying properties and other assets of the loan recipients. The organization is usually in a secondary position on collateral.

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE  
STEUBENVILLE, OHIO AREA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013**

**3. LOANS RECEIVABLE (Continued)**

The loan receivable balances regarding the revolving loan fund at March 31, 2013 was \$114,824. The principal payments to be received by the Organization from these loans receivable in the future years is as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 16,747
2014	12,303
2015	12,960
2016	13,235
2017	13,774
2018 and after	<u>42,872</u>
	<u>\$ 114,823</u>

All of the loan receivable balances are considered current in their collections.

**4. UNRESTRICTED NET ASSETS**

The unrestricted net assets represents results of activities for the following programs that have no grantor or donor stipulations. The balances at March 31 consist of the following:

Unrestricted	\$78,210
Total	<u>\$78,210</u>

**5. TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets represents results of activities for the following programs that have grantor or donor stipulations. The balances at March 31 consist of the following:

Revolving Loan Program	\$263,308
Progress Alliance Economic Development	<u>44,721</u>
Total	<u>\$308,029</u>

**6. PROGRESS ALLIANCE**

The City of Steubenville, Ohio, the County of Jefferson, Ohio and the Jefferson County Area Chamber of Commerce formed an alliance for economic development of the Steubenville, Ohio area, including all of Jefferson County, Ohio during 1996. The alliance called for the formation of an economic development plan known as Progress Alliance to advance, encourage and promote industrial, economic, commercial and civic development. The Community Improvement Corporation of the Steubenville, Ohio Area was chosen to operate the Progress Alliance program on behalf of the three entities.

The agreement for the alliance calls for each of the parties to contribute sums from time to time to cover the organization's expenditures incurred in the operation of the project. The government entities contributed a total of \$100,750, and the Chamber did not contribute during 2013.

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE  
STEUBENVILLE, OHIO AREA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013**

**7. PENSION PLAN**

The Organization adopted a prototype simplified employee pension plan covering all employees 21 years of age, zero years of service, and whose compensation was greater than \$395 for the year. During 2013, the Organization had three (3) individuals covered under the plan. The total amount contributed and expensed by the organization for 2013 was \$15,685.

**8. RENT**

During the year, The Community Improvement Corporation of The Steubenville, Ohio Area rented space from Jefferson County Chamber of Commerce. Rent expense for 2013 was \$1,000 per month. Rent expense paid to the Chamber for the 15 months ending March 31, 2013 was \$15,000.

**9. CONCENTRATION OF CREDIT RISK AND OFF BALANCE SHEET RISK**

The Organization's programs are maintained in the Jefferson County, Ohio geographical area. The performance of its lending and operational activity are dependent on the performance of the participating companies and projects. The results of these companies and the operations of the Organization's projects are dependent on the economic conditions in the local trade area.

**10. CONTINGENCIES**

The Community Improvement Corporation of the Steubenville, Ohio Area receives restricted funds under the revolving loan program. The operation of this program is subject to review by the granting Organization. The ultimate determination of amounts received under this program is based upon criteria established and reviewed by the granting Organization. Until such reviews have been made, there exists a contingency to refund any amount received that does not meet grant specifications. Management is of the opinion that no material liability will result from such reviews.

**11. RISK MANAGEMENT**

The Organization is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors and omissions, employment matters, injuries to employees and employee theft and fraud.

The Organization participates in the Ohio Bureau of Workers' Compensation for workers compensation coverage and with the Ohio Department of Job and Family Services for unemployment coverage. The Organization continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in prior years.



**THE COMMUNITY IMPROVEMENT CORPORATION OF THE  
STEUBENVILLE, OHIO AREA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2013**

**12. SUBSEQUENT EVENTS**

The Organization terminated operations on March 30, 2013. Final closeout activity after this date was as follows:

	<u>Amount</u>
Receipts	\$ 12,854
Disbursements	\$ 311,428

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614 W Superior Ave Ste 1242  
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Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The Community Improvement Corporation of the  
Steubenville, Ohio Area  
Jefferson County  
630 Market Street  
Steubenville, OH 43952

To the Board of Directors:

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 Community Improvement Corporation of the Steubenville, Ohio Area, Jefferson County, (the Corporation) as of and for the 15 months ended March 31, 2013, and the related notes to the financial statements and have issued our report thereon dated September 28, 2013, wherein we noted the Corporation terminated operations on March 30, 2013.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 determination of financial statement amounts. 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*.

***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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

***Charles E. Harris and Associates, Inc.***  
September 28, 2013

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, for the year ending December 31, 2011, reported no material citations or recommendations.



# Dave Yost • Auditor of State

**THE COMMUNITY IMPROVEMENT CORPORATION OF THE STEUBENVILLE, OHIO AREA**

**JEFFERSON 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  
DECEMBER 3, 2013**