

# **Community Improvement Corporation of Geneva**

**Financial Statements  
For the Year Ended December 31, 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Community Improvement Corporation of Geneva  
44 N. Forest Street  
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We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Geneva, Ashtabula County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2018 through December 31, 2018. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 30, 2019

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# Community Improvement Corporation of Geneva

For the Year Ended December 31, 2018

<b>Table of Contents</b>	<b>Page</b>
Independent Auditor’s Report .....	1
Financial Statements:	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7
Independent Auditor’s 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> .....	12

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## Independent Auditor's Report

To the Board of Trustees  
Community Improvement Corporation of Geneva

### Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Geneva ("CIC") (a nonprofit organization and component unit of the City of Geneva, Ohio), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the CIC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CIC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Trustees  
Community Improvement Corporation of Geneva

***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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As described in Note 1 to the financial statements, the CIC adopted new accounting guidance, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019, 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* in considering the CIC's internal control over financial reporting and compliance.

*Cimini + Panschi, PC*

Cleveland, Ohio  
June 21, 2019



# Community Improvement Corporation of Geneva

## Statement of Financial Position

**December 31, 2018**

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### Assets

Current assets:		
Cash and cash equivalents	\$	57,931
Cash held as fiscal agent		82,774
Loans receivable		<u>5,913</u>
Total current assets		146,618
Non-current assets:		
Capital assets and property held for sale or development, net of accumulated depreciation (Note 4)		<u>69,422</u>
Total assets	\$	<u><u>216,040</u></u>

### Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$	175
Due to other governments		1,038
Funds held as fiscal agent		<u>82,774</u>
Total current liabilities		83,987
Long-term liabilities:		
Due to other governments		<u>44,558</u>
Total liabilities		128,545
Net assets:		
Without donor restrictions		<u>87,495</u>
Total liabilities and net assets	\$	<u><u>216,040</u></u>

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, 2018

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Net assets without donor restrictions:

Public support and revenues:

Contributions	\$	12,117
Grants		19,062
Interest income		12
Other		<u>3,925</u>
Total public support and revenues		35,116

Expenses:

Program services		20,957
Fundraising		845
Management and general		<u>6,932</u>
Total expenses		<u>28,734</u>

Change in net assets without donor restrictions 6,382

Net assets without donor restrictions at beginning of year 81,113

Net assets without donor restrictions at end of year \$ 87,495

The accompanying notes are an integral part of these financial statements.

# Community Improvement Corporation of Geneva

## Statement of Functional Expenses

**For the Year Ended December 31, 2018**

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	Program Services	Supporting Services		2018 Total
		Fundraising	Management and General	
Legal	\$ 535	\$ -	\$ -	\$ 535
Membership	225	-	-	225
Landscaping	2,400	-	-	2,400
Insurance	2,117	-	-	2,117
Food - monthly meeting	342	-	-	342
Equipment	1,713	-	-	1,713
Consulting	8,896	-	-	8,896
Bank charges	5	-	-	5
Fundraising	-	845	-	845
Postage	62	-	-	62
Printing	479	-	-	479
Property tax	1,038	-	-	1,038
Software	101	-	-	101
Miscellaneous	-	-	902	902
Depreciation	2,824	-	-	2,824
Accounting and audit fees	-	-	6,030	6,030
Website	<u>220</u>	<u>-</u>	<u>-</u>	<u>220</u>
Total expenses	\$ <u>20,957</u>	\$ <u>845</u>	\$ <u>6,932</u>	\$ <u>28,734</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, 2018

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Cash flows from operating activities:	
Change in net assets	\$ 6,382
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,824
Changes in operating assets and liabilities:	
Decrease in loans receivable	5,477
Decrease in accounts payable	(1,983)
Increase in due to other governments	<u>8</u>
Net cash provided by operating activities	12,708
Cash flows from investing activities	
Purchase of capital assets	<u>(16,093)</u>
Net cash used by investing activities	<u>(16,093)</u>
Net change in cash and cash equivalents	(3,385)
Cash and cash equivalents at beginning of year	<u>61,316</u>
Cash and cash equivalents at end of year	\$ <u><u>57,931</u></u>

The accompanying notes are an integral part of these financial statements.

# Community Improvement Corporation of Geneva

## Notes to the Financial Statements

**December 31, 2018**

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### **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 (the “CIC”).

#### *Nature of Activities*

The CIC was incorporated in July 1997 by the City of Geneva (the “City”) under Section 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, not-for-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 entity related provisions of the standards set by the Financial Accounting Standards Board (FASB) which established 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 two classes of net assets: (i) net assets without donor restrictions; and (ii) net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions. The CIC does not have any net assets with donor restrictions as of December 31, 2018.

#### *Basis of Accounting*

The financial statements of the CIC have been prepared on the accrual basis of accounting. Due to the nature and significance 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 without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

#### *Use of 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 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.

# Community Improvement Corporation of Geneva

## Notes to the Financial Statements (continued)

**December 31, 2018**

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### **Note 1: Summary of Significant Accounting Policies (continued)**

#### ***Cash and Cash Equivalents***

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

#### ***Funds Held as Fiscal Agent***

Funds held as fiscal agent represent funds held by the CIC for multiple City organizations for which the CIC is serving as a fiscal agent.

#### ***Loans Receivable***

The CIC has loaned money to two City businesses. Payments of principal and interest are due monthly and are not secured. The loans range in interest rates from 3.25% to 3.50%. When a loan payment is outstanding sixty days after its scheduled payment date, management deems the loan to be delinquent. At December 31, 2018, there were two loans that were delinquent, subsequent payments have been made in regard to these loans.

The carrying amount of loans receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews loans receivable balances that are not current and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. At December 31, 2018, management has determined that the loans receivable are all collectable and do not require an allowance for doubtful accounts.

#### ***Capital Assets***

All purchased capital assets and other property are stated at cost. Donated property is capitalized at estimated fair value at the date of donation based on non-recurring Level 2 fair value measurements under FASB's fair value hierarchy.

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

#### ***Income Taxes***

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

Income taxes are accounted for under the provisions of the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. As of December 31, 2018, the CIC has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

# Community Improvement Corporation of Geneva

## Notes to the Financial Statements (continued)

**December 31, 2018**

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### **Note 1: Summary of Significant Accounting Policies (continued)**

#### ***Adopted Accounting Pronouncements***

The FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in August 2016. This ASU changes the current reporting requirements for nonprofit organizations and their required disclosures. The changes include: (a) requiring the presentation of only two classes of net assets, entitled “net assets without donor restriction” and “net assets with donor restrictions,” (b) modifying the presentation and disclosures of underwater endowment funds, (c) requiring the use of the placed in service approach to recognize the releases from restriction for gifts utilized to acquire or construct long-lived assets, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes to the financial statements and to summarize the allocation methodologies utilized to allocate the costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity, and (f) modifying other financial statement reporting requirements and disclosures to enhance the usefulness of nonprofit financial statements. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The CIC’s financial statements have been updated to reflect the implementation of this standard. There was no impact on beginning net assets as a result of this implementation.

#### ***Recent Accounting Pronouncements***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The objective of this ASU is to recognize lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption of this ASU is permitted. Management anticipates that this ASU will have no impact on the CIC’s financial statements.

# Community Improvement Corporation of Geneva

## Notes to the Financial Statements (continued)

**December 31, 2018**

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### **Note 1: Summary of Significant Accounting Policies (continued)**

#### ***Recent Accounting Pronouncements***

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which clarifies the presentation of restricted cash as included in the cash balances in the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption of this ASU is permitted. Management is currently evaluating the impact of this ASU on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange transactions subject to the guidance issued under ASU 2014-09. This ASU gives further guidance related to when a contribution is deemed to be conditional such that recognition of revenue should be delayed until conditions are substantially met. This ASU is effective for fiscal years beginning after December 15, 2018 for recipients of funds and for fiscal years beginning after December 15, 2019 for resource providers. Early adoption is permitted. Management is currently evaluating the impact of this ASU on its financial statements.

#### ***Functional Expenses***

The statement of functional expenses presents expenses by functional and natural classification. Expenses directly attributable to program services, general and administrative, and fundraising are reported as expenses of that functional area. Management estimates that there are no material indirect costs requiring allocation across functional categories.

#### ***Subsequent Events***

In preparing these financial statements, the CIC has evaluated events and transactions for potential recognition or disclosure through June 21, 2019, the date the financial statements were available to be issued.

### **Note 2: Concentrations**

At December 31, 2018, the carrying amount of CIC's deposits was \$140,705 and the bank balance was \$145,203, which was covered by federal depository insurance.

Contributions from one grantor represented 53% of the CIC's total public support and revenues for 2018.



# Community Improvement Corporation of Geneva

## Notes to the Financial Statements (continued)

**December 31, 2018**

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### Note 3: 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.

The CIC owes \$44,558 to the City of Geneva for three parcels of land that are being held for sale.

The City of Geneva paid \$6,030 for accounting and auditing services for the CIC during the year ended December 31, 2018, and \$900 in contributions received by the CIC during the year ended December 31, 2018 were transferred to the City of Geneva.

The CIC paid \$1,800 in bookkeeping services to the Board Treasurer.

### Note 4: Capital Assets and Property Held for Sale or Development

The CIC's capital assets and property held for sale or development, net of accumulated depreciation, consist of the following at December 31, 2018:

Property held for sale or development	\$ 44,000
Equipment and land improvement	40,431
Less: accumulated depreciation	<u>(15,009)</u>
Capital assets and property held for sale or development, net of accumulated depreciation	\$ <u><u>69,422</u></u>

The majority of CIC's land was donated by the City of Geneva and outside donors.

### Note 5: Liquidity and Availability of Resources

The CIC's financial assets available within one year of December 31, 2018 for general expenditures are as follows:

Cash and cash equivalents	\$ 57,931
Loans receivable	<u>5,913</u>
Total financial assets available within one year	\$ <u><u>63,844</u></u>

All financial assets are without donor restriction. Additionally, no Board designations are present.

The CIC maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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**Independent Auditor’s 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, 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, the financial statements of the Community Improvement Corporation of Geneva (“CIC”) (a nonprofit corporation and a component unit of the City of Geneva, Ohio), which comprise the statement of financial position as of December 31, 2018, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 21, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the CIC’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the CIC’s internal control.

*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. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 from 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*.

### **Purpose of this Report**

The purpose of the report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CIC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cimini & Pannelli, PC*

Cleveland, Ohio  
June 21, 2019

# OHIO AUDITOR OF STATE KEITH FABER



**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  
AUGUST 13, 2019**