

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

AUDIT REPORT

For the year ended December 31, 2010

Charles E. Harris & Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Community Improvement Corporation of the Steubenville, Ohio Area
630 Market Street
Steubenville, Ohio 43952

We have reviewed the *Report of Independent Accountants* 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, 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 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

April 25, 2011

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**COMMUNITY IMPROVEMENT CORPORATION OF THE
STEUBENVILLE, OHIO AREA
AUDIT REPORT
For the Year Ended December 31, 2010**

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

REPORT OF INDEPENDENT ACCOUNTANTS

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 the accompanying statement of financial position of the Community Improvement Corporation of the Steubenville, Ohio Area, Jefferson County (the Corporation), as of December 31, 2010, and the related statements of activities, functional expenses 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 Corporation as of December 31, 2010, 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 also issued our report dated March 4, 2011 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
March 4, 2011

**THE COMMUNITY IMPROVEMENT CORPORATION
OF THE STEUBENVILLE, OHIO AREA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010**

ASSETS

Current Assets

Cash and Cash Equivalents	\$	413,386
Receivables:		
Accounts Receivable		333
Accrued Interest Receivable		27
Current Portion of Loans Receivable		16,079
		16,079

Total Current Assets 429,825

Capital Assets

Furniture, Fixtures and Office Equipment		22,605
Less Accumulated Depreciation		(16,620)
		(16,620)

Total Capital Assets 5,985

Other Assets

Long Term Loans Receivable		109,343
		109,343

Total Long Term Loans Receivable 109,343

TOTAL ASSETS **\$ 545,153**

LIABILITIES

Accrued Wages and Payroll Taxes	\$	4,458
Deferred Revenue		30,000
		30,000

TOTAL LIABILITIES **\$ 34,458**

NET ASSETS

Invested in Capital Assets	\$	5,985
Temporarily Restricted		434,268
Unrestricted		70,442
		70,442

TOTAL NET ASSETS **\$ 510,695**

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 YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUES:</u>			
Contributions From Local Governments	\$ -	\$ 126,225	\$ 126,225
Contributions From Private Donations	-	191,614	191,614
Interest	944	4,247	5,191
	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUES	944	322,086	323,030
	<hr/>	<hr/>	<hr/>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of Terms and Conditions	347,966	(347,966)	-
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUES	348,910	(25,880)	323,030
	<hr/>	<hr/>	<hr/>
PROGRAM SERVICES			
Progress Alliance	347,900	-	347,900
Revolving Loan	66	-	66
	<hr/>	<hr/>	<hr/>
TOTAL PROGRAM SERVICES	347,966	-	347,966
	<hr/>	<hr/>	<hr/>
Changes in Net Assets	944	(25,880)	(24,936)
	<hr/>	<hr/>	<hr/>
Net Assets (Deficit) Beginning of Year	75,483	460,148	535,631
	<hr/>	<hr/>	<hr/>
Net Assets (Deficit) End of Year	<u>\$ 76,427</u>	<u>\$ 434,268</u>	<u>\$ 510,695</u>

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 YEAR ENDED DECEMBER 31, 2010**

	<u>Program Services</u>		<u>Total Program Services</u>
	<u>Progress Alliance</u>	<u>RLP</u>	
Salaries and Wages	\$ 154,640	\$ -	\$ 154,640
Payroll Taxes and Benefits	28,128	-	28,128
Travel/Meeting Expenses	5,562	-	5,562
Office Expense	8,347	27	8,374
Insurance	5,920	-	5,920
Telephone	4,658	-	4,658
Rent	12,000	-	12,000
Marketing and Advertising	106,309	-	106,309
Professional Fees	8,905	-	8,905
Other Expenses	<u>11,409</u>	<u>39</u>	<u>11,448</u>
Total Expense Before Depreciation	345,878	66	345,944
Depreciation	<u>2,022</u>	<u>-</u>	<u>2,022</u>
Total Expenses	<u>\$ 347,900</u>	<u>\$ 66</u>	<u>\$ 347,966</u>

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 Year Ended December 31, 2010**

Cash flows from operating activities:	
Cash Received from Grants	\$ 126,225
Cash Received from Private Sources	203,781
Cash Paid for Employees	(182,768)
Cash Paid for Goods and Services	<u>(185,336)</u>
<i>Net cash provided/(used) for operating activities</i>	<u>(38,098)</u>
Cash flows from investing activities:	
Interest	<u>5,191</u>
<i>Net cash provided/(used) for investing activities</i>	<u>5,191</u>
Net increase/(decrease) in cash and cash equivalents	(32,907)
<i>Cash and cash equivalents, January 1, 2010</i>	<u>446,293</u>
<i>Cash and cash equivalents, December 31, 2010</i>	<u><u>\$ 413,386</u></u>
Reconciliation of Operating Income (loss) to Net Cash Provided By (Used For) Operating Activities	
Net operating income/(loss)	\$ (24,936)
Adjustments:	
Depreciation expense	(2,022)
(Increase)/decrease in assets:	
Accounts receivable	12,167
Note receivable	(26,238)
Accrued Interest Receivable	141
Increase/(decrease) in liabilities:	
Accounts Payable	(676)
Accrued Wages and Payroll Taxes	<u>3,466</u>
Total Adjustments	<u>(13,162)</u>
<i>Net cash provided/(used) for operating activities</i>	<u><u>\$ (38,098)</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
DECEMBER 31, 2010**

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 \$2,022 has been charged to operations for the year ended December 31, 2010.

**The Community Improvement Corporation of the
Steubenville, Ohio Area
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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
DECEMBER 31, 2010**

2. CASH AND CASH EQUIVALENTS

Account Name	Per Bank	Per Book
Huntington Bank- EDA Sequestered Funds	\$ 121,164	\$ 121,164
Chase - Contributions Accounts (CH)	8,328	8,328
PNC Money Market	73,043	73,043
Peoples National Bank- EDA Road Fund	89,767	89,767
Parkvale Bank- Operating Account	2,705	1,576
Parkvale Bank- Payroll Account	9,356	9,356
US Bank- RLF EDA Grant	31,513	31,513
WesBanco Contributions Account (CH)	78,639	78,639
Total Cash and Cash Equivalents	\$ 414,515	\$ 413,386

At December 31, 2009 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
DECEMBER 31, 2010**

3. LOANS RECEIVABLE (continued)

The loan receivable balances regarding the revolving loan fund at December 31, 2010 was \$125,422. The principal payments to be received by the Organization from these loans receivable over the next five years is as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 16,079
2012	16,659
2013	16,227
2014	13,068
2015	11,026
2016 and after	<u>52,363</u>
	<u>\$ 125,422</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 December 31 consist of the following:

Invested in Capital Assets	\$ 5,985
Unrestricted	<u>70,442</u>
Total	<u>\$76,427</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 December 31 consist of the following:

Revolving Loan Program	\$264,873
Progress Alliance Economic Development	<u>169,395</u>
Total	<u>\$434,268</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 \$125,000, and the Chamber did not contribute during 2010.

**The Community Improvement Corporation of the
Steubenville, Ohio Area
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 2010, the Organization had 2 individuals covered under the plan. The total amount contributed and expensed by the organization for 2010 was \$11,000.

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 2010 was \$1,000 per month. Rent expense paid to the Chamber for 2010 was \$12,000.

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.

12. SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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

**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 the financial statements of the Community Improvement Corporation of the Steubenville, Ohio Area, Jefferson County, Ohio (the Corporation) as of and for the year ended December 31, 2010, and have issued our report thereon dated March 4, 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 Controls Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation'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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. 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 entity's financial statements will not be prevented, or detected and timely corrected.

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.

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, grant agreements and other matters, 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*.

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

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

Charles E. Harris and Associates, Inc.

March 4, 2011

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending June 30, 2009, reported no material citations or recommendations.



Dave Yost • Auditor of State

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
MAY 10, 2011**