

# CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

## FINANCIAL STATEMENTS

**DECEMBER 31, 2006 AND 2005**

H&J Certified Public  
Accountants, Inc.

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# Mary Taylor, CPA

Auditor of State

Board of Directors  
Cuyahoga County Community Improvement Corporation  
50 Public Square, Suite 200  
Cleveland, Ohio 44113-2291

We have reviewed the *Independent Auditor's Report* of the Cuyahoga County Community Improvement Corporation, Cuyahoga County, prepared by H&J Certified Public Accountants, Inc., for the audit period January 1, 2006 through December 31, 2006. 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.

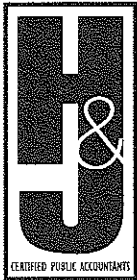
Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cuyahoga County Community Improvement Corporation is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 14, 2007

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## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS  
CUYAHOGA COUNTY COMMUNITY  
IMPROVEMENT CORPORATION

We have audited the accompanying statement of financial position of Cuyahoga County Community Improvement Corporation (CCCIC) (an Ohio nonprofit corporation) as of December 31, 2006 and 2005 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Cuyahoga County Community Improvement Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

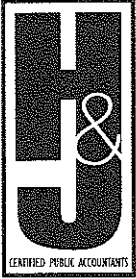
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan 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 CCCIC as of December 31, 2006 and 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2007 on our consideration of CCCIC'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. 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 the 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 read in conjunction with this report in considering the results of our audit.

Cleveland, Ohio  
June 12, 2007

H. J.  
Certified Public Accountants



**CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2006 AND 2005

|                                    | <u>2006</u>       | <u>2005</u>       |
|------------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                      |                   |                   |
| CURRENT ASSETS                     |                   |                   |
| Cash & Cash Equivalents            | \$ 39,878         | \$ 34,417         |
| Short-Term Investments - CDs       | 185,935           | 275,343           |
| Accounts Receivable                | 2,610             | 10,000            |
| Prepaid Expenses                   |                   | 765               |
| Interest Receivable                | 2,500             | 2,137             |
| Total Current Assets               | <u>230,923</u>    | <u>322,662</u>    |
| REVOLVING LOAN FUND (Note 3)       | <u>-</u>          | <u>-</u>          |
| Total Assets                       | <u>\$ 230,923</u> | <u>\$ 322,662</u> |
| <b>LIABILITIES AND NET ASSETS</b>  |                   |                   |
| CURRENT LIABILITIES                |                   |                   |
| Accounts Payable - Trade           | \$ 258            | \$ 401            |
| Deferred IRB Revenue               | 5,500             |                   |
| Deferred Training Revenue (Note 5) |                   | 35,000            |
| Total Current Liabilities          | <u>5,758</u>      | <u>35,401</u>     |
| NET ASSETS                         |                   |                   |
| Unrestricted Net Assets            | <u>225,165</u>    | <u>287,261</u>    |
| Total Liabilities and Net Assets   | <u>\$ 230,923</u> | <u>\$ 322,662</u> |

See accompanying notes.



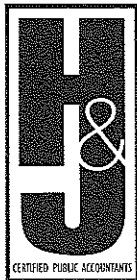
**CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2006 AND 2005

|  | <u>2006</u>              | <u>2005</u>              |
|--|--------------------------|--------------------------|
| <b>REVENUES</b>                                    |                          |                          |
| IRB Origination & Application Fees                 | \$ 10,910                | \$ 13,050                |
| Development Training:                              |                          |                          |
| Sponsorships                                       | 35,000                   | 45,000                   |
| Seminar Fees                                       | -                        | 3,800                    |
| Interest   | 9,320                    | 6,778                    |
|  | <u>55,230</u>            | <u>68,628</u>            |
| <b>EXPENSES</b>                                    |                          |                          |
| Reserve for Uncollectable RLF Funds (Note 3)       | 65,000                   | -                        |
| Compensation                                       | 12,504                   | 13,368                   |
| Professional Fees                                  | 4,322                    | 4,646                    |
| Office Expense                                     | 3,757                    | 4,574                    |
| Seminar Expense                                    | 31,743                   | 74,365                   |
|  | <u>117,326</u>           | <u>96,953</u>            |
| <b>CHANGE IN NET ASSETS</b>                        | <b>(62,096)</b>          | <b>(28,325)</b>          |
| <b>UNRESTRICTED NET ASSETS - BEGINNING OF YEAR</b> | <u><b>287,261</b></u>    | <u>315,586</u>           |
| <b>UNRESTRICTED NET ASSETS - END OF YEAR</b>       | <u><b>\$ 225,165</b></u> | <u><b>\$ 287,261</b></u> |

See accompanying notes.



**CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2006 AND 2005

|  | <u>2006</u>             | <u>2005</u>             |
|--|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                     |                         |                         |
| Decrease in Net Assets   | \$ (62,096)             | \$ (28,325)             |
| Adjustments to Reconcile Net Assets to<br>Net Cash Used by Operating Activities: |                         |                         |
| Interest Reinvested  | (4,504)                 | (4,218)                 |
| Reserve for Uncollectable RLF Funds  | 65,000                  |                         |
| Changes in Operating Assets & Liabilities:                                       |                         |                         |
| Accounts Receivable  | 7,390                   | (10,000)                |
| Interest Receivable  | (363)                   | (62)                    |
| Prepaid Expenses   | 765                     | (15)                    |
| Accounts Payable – Affiliate   |                         | (260)                   |
| Accounts Payable – Trade   | (143)                   | (3,002)                 |
| Deferred Revenue   | <u>(29,500)</u>         | <u>35,000</u>           |
| Net Cash Used by Operating Activities  | <u>(23,451)</u>         | <u>(10,882)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                     |                         |                         |
| Investment in RLF Fund   | (65,000)                |                         |
| Liquidation of Certificate of Deposit  | <u>93,912</u>           |                         |
| Net Cash Provided by Investing Activities  | <u>28,912</u>           | <u>-</u>                |
| <b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>                                 | <b>5,461</b>            | <b>(10,882)</b>         |
| <b>CASH &amp; CASH EQUIVALENTS – BEGINNING OF YEAR</b>                           | <b><u>34,417</u></b>    | <b><u>45,299</u></b>    |
| <b>CASH &amp; CASH EQUIVALENTS – END OF YEAR</b>                                 | <b><u>\$ 39,878</u></b> | <b><u>\$ 34,417</u></b> |

See accompanying notes.





## CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

#### NOTES:

#### 1. PURPOSE AND NATURE OF OPERATIONS

Cuyahoga County Community Improvement Corporation ("CCCIC") was incorporated in 1982 for the purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the Ohio County of Cuyahoga.

CCCIC was formed by a partnership of the Board of County Commissioners of Cuyahoga County (Ohio) and the Greater Cleveland Partnership (a nonprofit corporation). The CCCIC Board of Directors is required to be composed of five (5) appointed or elected officers of Cuyahoga County and six (6) persons nominated by the Greater Cleveland Partnership ("Partnership").

CCCIC acts as the designated agency of Cuyahoga County and of any municipal corporations located therein that may thereafter designate the CCCIC as their agency to promote and encourage the establishment and growth in such subdivisions of the industrial, commercial, distribution and research facilities in accordance with Section 1724.10 of the Ohio Revised Code.

CCCIC's website address is:

<http://bocc.cuyahogacounty.us/boards/improvementcorp.htm>.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### BASIS OF ACCOUNTING

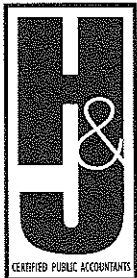
The financial statements of CCCIC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

##### ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables from its customers. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. The allowance for doubtful accounts at December 31, 2006 and 2005 was \$-0-.

##### REVENUES

The primary source of the CCCIC's revenue is fees earned for reviewing Industrial Revenue Development Bond (IRDB) applications for the possible recommendation to Cuyahoga County or other political subdivision that the IRDB be issued. Fees are equal to the greater of one-tenth of one percent of the IRDB issue or \$1,000, \$500 of which is nonrefundable and is paid at the time the application is first considered. This nonrefundable amount is recognized as revenue at the time the application is considered, while the remaining portion of the fee is recognized at the time the IRDB is issued.



## CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

#### NOTES (CONTINUED):

##### EXPENSES

Expenses include a salary, payroll tax and fringe benefit allocation of employees of the Partnership who are responsible for the administration of CCCIC. Expenses also include an allocation from the Partnership for expenses relating to rent, facility maintenance, utilities and office supplies which are included in Office Expense in the Statement of Activities.

##### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

##### CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of periodic temporary investments of excess cash. The Organization places its temporary excess cash in high quality financial institutions. Portions of these instruments are in excess of the Federal Deposit Insurance Corporation (FDIC) limit. At December 31, 2006, the Organization had approximately \$22,000 in deposits at one bank in excess of the FDIC limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and short-term investments.

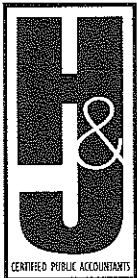
##### CONTRIBUTED SERVICES

SFAS 116 states that for donated services to be recognized in the financial statements, the services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills, that would be purchased if not donated.

A number of volunteers have donated significant amounts of their time assisting CCCIC with IRDB approval, management and internal functions and various committee assignments. These donated services have not been recognized in the accompanying statement of changes in net assets because the criteria for recognition of such volunteer efforts under SFAS 116 have not been satisfied.

##### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts on deposit with commercial banks in interest bearing and non-interest bearing accounts, all available within 90 days following demand.



## CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

NOTES (CONTINUED):

#### SHORT-TERM INVESTMENTS

Short-term investments consist of certificates of deposit at financial institutions maturing in two (2) years or less.

#### INCOME TAX STATUS

The CCCIC is incorporated as a not-for-profit organization under Chapters 1702 and 1724 of the Ohio Revised Code and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(4) and is not considered a private foundation under Section 509(a)(2).

#### **3. REVOLVING LOAN FUND - GRANT RECEIVABLE**

In August, 2006, CCCIC entered into an agreement with the Board of County Commissioners of Cuyahoga County (Ohio) to provide fiscal agent services as part of a new County-wide revolving loan fund program named "Grow Cuyahoga County Fund (the Fund)." As one of several participants in the program, including the County, CCCIC expended \$65,000 of a \$100,000 commitment to initially capitalize the Fund.

A third party has been contracted by the County through December 31, 2008 to market, package and service loans under this program. Under terms of this agreement, the County retains the rights to recover its own funds and those of the CCCIC should certain performance measures not be reached by the third party.

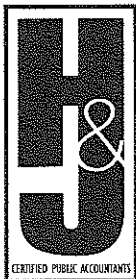
Management anticipates that the program will be successful and that the terms of the agreement with the third party will be fulfilled. Therefore, a reserve of \$65,000 has been recorded as of December 31, 2006.

#### **4. RELATED PARTIES**

Members of the Board include officers of lending institutions who may be a party to the loan agreement with an applicant. CCCIC's policy is for those applicable board members to abstain from voting on approval of these applicants.

#### **5. DEFERRED TRAINING REVENUE**

The Organization facilitated one (1) economic development seminar in 2006 and three (3) during 2005. Revenue of \$35,000 (2006) and \$48,800 (2005) was generated from sponsors and attendees and offsetting expense of \$28,750 (2006) and \$74,365 (2005) was incurred.



**AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

TO THE BOARD OF DIRECTORS  
CUYAHOGA COUNTY COMMUNITY  
IMPROVEMENT CORPORATION

We have audited the financial statements of Cuyahoga County Community Improvement Corporation (CCCIC) (a nonprofit organization) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 12, 2007. 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 CCCIC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance**

As part of obtaining reasonable assurance about whether CCCIC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the State of Ohio, Board of Directors, management and others within CCCIC, and is not intended to be and should not be used by anyone other than these specified parties.

Cleveland, Ohio  
June 12, 2007

H-J  
*Certified Public Accountants*



**Mary Taylor, CPA**  
Auditor of State

**CUYAHOGA COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 27, 2007**