

Community Improvement Corporation of Geneva

**Financial Statements
For the Year Ended December 31, 2019**

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPARepoort@ohioauditor.gov
(800) 282-0370

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

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, 2019 through December 31, 2019. 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.



Keith Faber
Auditor of State
Columbus, Ohio

July 14, 2020

This page intentionally left blank.

Community Improvement Corporation of Geneva

For the Year Ended December 31, 2019

Table of Contents	Page
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

This page intentionally left blank.

Independent Auditor's Report

To the Board of Trustees of
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, 2019, 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 these 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 from 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, 2019, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2020, 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 solely 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 effectiveness of the CIC's 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 + Panichi, PC

Cleveland, Ohio
June 22, 2020

Community Improvement Corporation of Geneva

Statement of Financial Position

December 31, 2019

Assets

Current assets:

Cash and cash equivalents	\$ 51,101
Cash held as fiscal agent	89,057
Accounts receivable	<u>8,662</u>
Total current assets	148,820

Non-current assets:

Capital assets and property held for sale or development, net of accumulated depreciation (Note 4)	<u>64,988</u>
-------------------------------------------------------------------------------------------------------	---------------

Total assets \$ 213,808

Liabilities and Net Assets

Current liabilities:

Due to other governments	\$ 1,133
Funds held as fiscal agent	<u>89,057</u>
Total current liabilities	90,190

Long-term liabilities:

Due to other governments	<u>44,558</u>
Total liabilities	134,748

Net assets:

Without donor restrictions	<u>79,060</u>
----------------------------	---------------

Total liabilities and net assets \$ 213,808

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, 2019

Net assets without donor restrictions:

Public support and revenues:

Contributions	\$	14,094
Grants		16,177
Interest income		3,740
Other		<u>370</u>
Total public support and revenues		34,381

Expenses:

Program services		30,251
Management and general		<u>12,565</u>
Total expenses		<u>42,816</u>

Change in net assets without donor restrictions (8,435)

Net assets without donor restrictions at beginning of year 87,495

Net assets without donor restrictions at end of year \$ 79,060

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, 2019

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
Membership	\$ 1,446	\$ -	\$ 1,446
Landscaping	3,451	-	3,451
Insurance	2,291	-	2,291
Consulting	7,915	-	7,915
Property tax	1,038	-	1,038
Software	1,498	-	1,498
Miscellaneous	-	3,260	3,260
Office supplies	1,046	-	1,046
Depreciation	4,434	-	4,434
Accounting and audit fees	-	9,305	9,305
Website	<u>7,132</u>	<u>-</u>	<u>7,132</u>
Total expenses	\$ <u>30,251</u>	\$ <u>12,565</u>	\$ <u>42,816</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, 2019

Cash flows from operating activities:	
Change in net assets	\$ (8,435)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	4,434
Changes in operating assets and liabilities:	
Increase in accounts receivable	(8,662)
Decrease in loans receivable	5,913
Decrease in accounts payable	(175)
Increase in due to other governments	<u>95</u>
Net cash used by operating activities	<u>(6,830)</u>
Net change in cash and cash equivalents	(6,830)
Cash and cash equivalents at beginning of year	<u>57,931</u>
Cash and cash equivalents at end of year	\$ <u><u>51,101</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, 2019

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, 2019.

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.

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.

Cash and Cash Equivalents

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

Community Improvement Corporation of Geneva

Notes to the Financial Statements (continued)

December 31, 2019

Note 1: Summary of Significant Accounting Policies (continued)

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.

Accounts Receivable

Accounts receivable represent amounts owed for reimbursement of expenses and grants where the revenue has been recognized as of December 31, 2019 and payment has not yet been received. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amount that will not be collected. Management estimates that no allowance for doubtful accounts was required at December 31, 2019.

Loans Receivable

The CIC loaned money to two businesses within the City. 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. In 2019, both loans were repaid.

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, 2019, there are no loans receivable outstanding.

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, 2019, 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, 2019

Note 1: Summary of Significant Accounting Policies (continued)

Adopted Accounting Pronouncements

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that superseded 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. This ASU is effective for fiscal years beginning after December 15, 2018, 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.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and 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. 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.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* to provide clarity in the requirements for the presentation of restricted cash on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is 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.

Contributed Revenue

The CIC recognizes unconditional promises to give as revenue in the period in which the promise is received. If there are no donor-imposed restrictions on the use of funds, then those revenues are classified as without donor restrictions. If a donor-imposed restriction exists, then it must be determined if this restriction is with regard to time and/or purpose, or in perpetuity and classified in the financial statements as net assets with donor restrictions. A donor-imposed restriction is present when the contributor of funds designates a specific purpose or time period in which the funds may be used. At the time when this donor-imposed restriction has been satisfied, net assets with donor restrictions are reclassified as net assets without donor restrictions, and would be disclosed in the statement of activities.

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.

Community Improvement Corporation of Geneva

Notes to the Financial Statements (continued)

December 31, 2019

Note 1: Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, the CIC has evaluated events and transactions for potential recognition or disclosure through June 22, 2020, the date the financial statements were available to be issued.

In early calendar 2020, the world began dealing with the effects of the Coronavirus pandemic (COVID-19). Disruptions to business operations, including government mandated actions and employee, supplier and customer related challenges have impacted many businesses. The CIC is currently evaluating the effects of COVID-19 on its operations.

Note 2: Concentrations

At December 31, 2019, the carrying amount of CIC's deposits was \$140,158 and the bank balance was \$149,482, which was covered by federal depository insurance.

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 \$9,305 for accounting and auditing services for the CIC during the year ended December 31, 2019, and \$500 in contributions received by the CIC during the year ended December 31, 2019 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, 2019:

Property held for sale or development	\$	44,000
Equipment and land improvement		40,431
Less: accumulated depreciation		<u>(19,443)</u>
Capital assets and property held for sale or development, net of accumulated depreciation	\$	<u>64,988</u>

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

Community Improvement Corporation of Geneva

Notes to the Financial Statements

December 31, 2019

Note 5: Liquidity and Availability of Resources

The CIC’s financial assets available within one year of December 31, 2019 for general expenditures are as follows:

Cash and cash equivalents	\$ 51,101
Accounts receivable	<u>8,662</u>
Total financial assets available within one year	\$ <u>59,763</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.

This page intentionally left blank.

**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 of
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, 2019, and 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 22, 2020.

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 this 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.

Civita + Panzani, PC

Cleveland, Ohio
June 22, 2020

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
JULY 28, 2020**