



Dave Yost • Auditor of State

**CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
CUYAHOGA COUNTY
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2011**

TABLE OF CONTENTS

| <u>DESCRIPTION</u> | <u>PAGE NUMBER</u> |
|---|---------------------------|
| Independent Accountants' Report | 1 |
| Statement of Financial Position | 3 |
| Statement of Activities and Changes in Net Assets | 4 |
| Statement of Cash Flows | 5 |
| Notes to the Financial Statements | 7 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 9 |

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INDEPENDENT ACCOUNTANTS' REPORT

Cleveland Citywide Development Corporation
Cuyahoga County
614 Lakeside Avenue, Room 210
Cleveland, Ohio 44114

To the Members of the Board of Trustees:

We have audited the accompanying basic financial statements of the Cleveland Citywide Development Corporation, Cuyahoga County, Ohio (the Corporation), as of and for the year ended December 31, 2011, as listed in the table of contents. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 Cleveland Citywide Development Corporation, Cuyahoga County, Ohio, as of December 31, 2011, and the changes in financial position 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 July 2, 2012, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 the 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

July 2, 2012

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2010)

| | 2011 | 2010 |
|---|------------------|------------------|
| <u>ASSETS:</u> | | |
| Current Assets | | |
| Cash | \$422,538 | \$481,229 |
| Prepaid Expense | 546 | 546 |
| Short Term Investments (Note 3) | 956 | 954 |
| Total Current Assets | 424,040 | 482,729 |
| TOTAL ASSETS | \$424,040 | \$482,729 |
| <u>LIABILITIES AND NET ASSETS:</u> | | |
| Current Liabilities | \$0 | \$0 |
| Total Current Liabilities | 0 | 0 |
| Total Liabilities | 0 | 0 |
| Net Assets | 424,040 | 482,729 |
| TOTAL LIABILITIES AND NET ASSETS: | \$424,040 | \$482,729 |

The accompanying footnotes are an integral part of the financial statements.

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2010)

| | <u>2011</u> | <u>2010</u> |
|---|-------------------------|-------------------------|
| <u>REVENUES:</u> | | |
| In-Kind Contributions | \$184,974 | \$203,792 |
| Closing Fee Revenue | 102,749 | 494,437 |
| Grant | 50,000 | 0 |
| Interest Income | <u>206</u> | <u>98</u> |
| Total Revenues | <u>337,929</u> | <u>698,327</u> |
| <u>EXPENSES:</u> | | |
| Salaries & Fringe Benefits | 181,555 | 200,458 |
| Office Rent | 3,419 | 3,334 |
| Grant | 47,764 | 0 |
| Employee Bonding | 692 | 864 |
| Insurance Expense | 1,890 | 2,363 |
| Professional Services | 12,620 | 43,439 |
| Contributions to City of Cleveland (Note 2) | 96,811 | 43,244 |
| Employee Training Expenses (Note 2) | 39,138 | 29,709 |
| Printing, Marketing, and Project Development | 0 | 2,265 |
| Board of Trustee Expenses | 10,823 | 7,929 |
| Tax Filing Fee and Penalty | <u>1,906</u> | <u>700</u> |
| Total Expenses | <u>396,618</u> | <u>334,305</u> |
| Change in Net Assets | (58,689) | 364,022 |
| Unrestricted Net Assets at Beginning of Fiscal Year (Note 2) | <u>482,729</u> | <u>118,707</u> |
| NET ASSETS AT END OF FISCAL YEAR: | <u><u>\$424,040</u></u> | <u><u>\$482,729</u></u> |

The accompanying footnotes are an integral part of the financial statements.

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2010)

| | <u>2011</u> | <u>2010</u> |
|--|---------------------------|--------------------------|
| <u>Cash Flows From Operating Activities:</u> | | |
| Closing Fee Revenue | \$ 102,749 | \$ 494,437 |
| Grant Revenue | 50,000 | 0 |
| Interest Income | 206 | 98 |
| Cash Paid from Grant | (47,764) | 0 |
| Cash Paid for Professional Services | (12,620) | (43,439) |
| Cash Paid for Tax Filing Fee & Penalty | (1,906) | (700) |
| Contributions to City of Cleveland and Department of Economic Development | (96,811) | (43,244) |
| Cash Paid for Insurances | (2,582) | (2,582) |
| Cash Paid for Employee Training | (39,138) | (29,709) |
| Cash Paid for Printing, Marketing, and Project Development | 0 | (2,265) |
| Cash Paid for Board of Trustee Expenses | <u>(10,823)</u> | <u>(7,929)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | (58,689) | 364,667 |
| Cash and Cash Equivalents at Beginning of Year | <u>482,183</u> | <u>117,516</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$423,494</u></u> | <u><u>\$482,183</u></u> |
| Reconciliation of Excess in Net Assets to: Cash Provided by Operating Activities: | | |
| CHANGES IN NET ASSETS | (58,689) | 364,022 |
| Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| In-Kind Contributions | 184,974 | 203,792 |
| In-Kind Expenses | (184,974) | (203,792) |
| (Increase)/Decrease in Prepaid Assets | <u>0</u> | <u>645</u> |
| Total Adjustments | <u>0</u> | <u>645</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u><u>\$ (58,689)</u></u> | <u><u>\$ 364,667</u></u> |

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

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CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
CUYAHOGA COUNTY
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 Summary of Significant Accounting Policies

A) Description of the Entity

Cleveland Citywide Development Corporation (CCDC) was organized in June 1981 under Chapter 1724 of the Ohio Revised Code regulating Not-for-Profit Community Improvement Corporations. The Corporation promotes economic development in the City of Cleveland (City) by serving as a fiscal intermediary for loans made to small businesses and by reviewing loan requests made under other loan programs sponsored by the City. In June 1994 the Corporation converted from a Certified Development Corporation (CDC) to an Associate Development Corporation (ADC). Cleveland Citywide Development Corporation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Cleveland Citywide Development Corporation reviews Economic Development Administration (EDA), Small Business Revolving Loan Fund (SBRLF), Housing and Urban Development Section 108 (HUD-108), Neighborhood Development Investment Fund (NDIF) and Urban Development Action Grant (UDAG) loans, Empowerment Zone (EZ), Core Loans 1 and Core Loans 2, as well as Industrial Development Bonds (IDB) for the City of Cleveland. Repayment of principal and interest will result in additional proceeds that can be loaned to other eligible small business concerns. With the exception of the HUD-108 and IDB programs, all programs are designed as revolving loan programs.

B) Basis of Accounting

The accounting records of Cleveland Citywide Development Corporation are maintained on the accrual basis of accounting.

C) In-Kind

The City of Cleveland paid the salaries and related fringe benefits of the CCDC staff and provides office space at no cost to CCDC.

The estimated fair value of in-kind contributions is reported as revenue and expense in the period in which the services or facilities are used. CCDC also benefited from the contribution of the Trustees' and Loan Committee members' time to attend Board meetings. The estimated fair value of these members' contribution is not reflected in these statements since it is not susceptible to objective valuation.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

CLEVELAND CITYWIDE DEVELOPMENT CORPORATION
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 Summary of Significant Accounting Policies (Continued)

Contributions are recognized when the donor makes a promise to give to the Corporation, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

CCDC has determined that there are no donor imposed restrictions on any of its net assets and all net assets as of December 31, 2011 were unrestricted net assets.

Note 2 Investments

CCDC's short-term investment consists of a variable interest rate 91-day certificate of deposit. As of December 31, 2011, the interest rate on this certificate of deposit was 0.10%. The 91-day certificate of deposit is shown as a cash and cash equivalent in the Statement of Cash Flows.

Note 3 Contributions to the City of Cleveland

The CCDC contributed office related expenses of \$96,811 to the City of Cleveland Department of Economic Development during fiscal year 2011. In addition to these contributions, CCDC also provided employee training expenses to the City of Cleveland Department of Economic Development of an additional \$39,138.

Note 4 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.



Dave Yost • Auditor of State

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

Cleveland Citywide Development Corporation
Cuyahoga County
614 Lakeside Avenue, Room 210
Cleveland, Ohio 44114

To the Members of the Board of Trustees:

We have audited the financial statements for the Cleveland Citywide Development Corporation, Cuyahoga County, (the Corporation) as of and for the year ended December 31, 2011, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated July 2, 2012. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control 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 audit procedures for the purpose of expressing our opinion 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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Corporation'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 material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated July 2, 2012.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Corporation. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

July 2, 2012



Dave Yost • Auditor of State

CLEVELAND CITYWIDE DEVELOPMENT 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
JULY 17, 2012**