

***Columbus/Franklin County  
Affordable Housing Trust  
Corporation***

*Financial Statements as  
of December 31, 2001 and  
for the Year Then Ended  
and Independent Auditors' Report*





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors  
Columbus/Franklin County Affordable Housing Trust Corporation

We have reviewed the Independent Auditor's Report of the Columbus/Franklin County Affordable Housing Trust Corporation, Franklin County, prepared by Deloitte & Touche LLP for the audit period January 1, 2001 through December 31, 2001. 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 Columbus/Franklin County Affordable Housing Trust Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 15, 2002

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Columbus/Franklin County Affordable Housing Trust Corporation

We have audited the accompanying statement of net assets of the Columbus/Franklin County Affordable Housing Trust Corporation (the Housing Trust), a joint venture of the City of Columbus, Ohio and Franklin County, as of and for the year ended December 31, 2001 and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Housing Trust'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 *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 Housing Trust as of December 31, 2001 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2002 on our consideration of the Housing Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

DELOITTE & TOUCHE LLP

April 30, 2002

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Columbus/Franklin County Affordable Housing Trust Corporation's financial report represents a discussion and analysis of the Housing Trust's financial performance during the fiscal year that ended December 31, 2001. Please read it in conjunction with the Housing Trust's financial statements, which follows this section.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are prepared using proprietary fund (enterprise fund) accounting because the Housing Trust is operated under one enterprise fund. Under this method of accounting an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. These are followed by notes to the financial statements.

The *Statement of Net Assets* presents information on the assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Housing Trust is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets* reports the operating revenues and expenses and non-operating revenue and expenses of the Housing Trust for the fiscal year with the difference being combined with any capital contributions to determine the change in net assets for the fiscal year.

The *Statement of Cash Flows* reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year.

The Columbus/Franklin County Affordable Housing Trust Corporation (the Housing Trust) was initially created as the Columbus Housing Trust Corporation, with Articles of Incorporation (Articles) filed with the Ohio Secretary of State on August 31, 2000. Amended Articles were then filed for the Housing Trust in May 2001. The Housing Trust was organized to promote home ownership and affordable rental housing opportunities in the City of Columbus, Ohio and Franklin County, Ohio.

## Financial Position

The following represents the Housing Trust's financial position for the year ended December 31, 2001:

ASSETS:	
Cash and cash equivalents	\$4,068,967
Accounts receivable	128,101
Property, plant and equipment, net	<u>3,208</u>
Total assets	<u><u>\$4,200,276</u></u>
LIABILITIES:	
Current liabilities	<u>\$ 10,329</u>
Total liabilities	<u>10,329</u>
NET ASSETS:	
Investment in capital assets, net of related debt	3,208
Restricted assets	3,886,414
Unrestricted net assets	<u>300,325</u>
Total net assets	<u>4,189,947</u>
Total liabilities and net assets	<u><u>\$4,200,276</u></u>

The Housing Trust's assets exceeded liabilities by \$4.2 million at December 31, 2001. The largest portion of the Housing Trust's net assets (\$4.07 million or 96.8% at December 31, 2001) represents its cash and cash equivalents-funding obtained from the City of Columbus and Franklin County to commence operations. Accounts receivable at December 31, 2001 represent hotel/motel tax revenue due from the City of Columbus for the Housing Trust's portion of November and December 2001 hotel/motel taxes. Restricted assets represent funding received from the City of Columbus and Franklin County that is restricted for affordable housing trust purposes, not for operations of the Housing Trust.

## Financial Information

### Revenue

The following schedule presents a summary of revenues for the fiscal year ended December 31, 2001.

City revenue - hotel/motel tax revenue	\$ 987,289
City revenue - appropriations	2,200,000
County revenue	1,000,000
Interest	42,133
Other	<u>325</u>
Total revenue	<u><u>\$4,229,747</u></u>

## Expenses

The following schedule presents a summary of expenses for the fiscal year ended December 31, 2001:

Payroll and payroll related expenses	\$ 24,590
Other operating expenses	<u>15,210</u>
Total operating expenses	<u>\$ 39,800</u>

During 2001, the City of Columbus provided cash assistance to the Housing Trust totalling \$3.1 million and Franklin County provided \$1.0 million. Additionally, the City of Columbus is committed through its legislation to provide a portion of its hotel/motel tax collections to the Housing Trust each year into the future approximates \$1 million annually. The Housing Trust began operations in November 2001 by hiring an executive director. Subsequently, two other Housing Trust employees were hired to commence operations for the Housing Trust.



**COLUMBUS/FRANKLIN COUNTY  
AFFORDABLE HOUSING TRUST CORPORATION**

**STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2001**

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**ASSETS**

CURRENT ASSETS:

Unrestricted assets:

Cash and cash equivalents \$ 300,325

Restricted assets:

Cash and cash equivalents 3,768,642

Accounts receivable 128,101

Total restricted assets 3,896,743

Total current assets 4,197,068

NON-CURRENT ASSETS:

Capital assets - furniture and fixtures 3,300

Less - accumulated depreciation (92)

Total capital assets - net 3,208

TOTAL ASSETS \$4,200,276

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES:

Payable from unrestricted assets:

Accounts payable \$ 10,329

Total current liabilities 10,329

NET ASSETS:

Invested in capital assets, net of related debt 3,208

Restricted:

Affordable housing purposes 3,886,414

Unrestricted net assets 300,325

Total net assets 4,189,947

TOTAL LIABILITIES AND NET ASSETS \$4,200,276

See notes to financial statements.

**COLUMBUS/FRANKLIN COUNTY  
AFFORDABLE HOUSING TRUST CORPORATION**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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OPERATING REVENUES - Miscellaneous revenue	\$ <u>325</u>
Total operating revenues	<u>325</u>
OPERATING EXPENSES:	
Payroll and payroll related expenses	24,590
Other operating expenses	<u>15,210</u>
Total operating expenses	<u>39,800</u>
OPERATING INCOME	<u>(39,475)</u>
NON-OPERATING REVENUES:	
Support revenue:	
City of Columbus - hotel/motel tax revenue	987,289
City of Columbus contribution	2,200,000
Franklin County contribution	1,000,000
Interest income	<u>42,133</u>
Total non-operating revenues	<u>4,229,422</u>
NET INCOME	4,189,947
NET ASSETS, BEGINNING OF YEAR	<u>                    </u>
NET ASSETS, END OF YEAR	<u><u>\$4,189,947</u></u>

See notes to financial statements.

**COLUMBUS/FRANKLIN COUNTY  
AFFORDABLE HOUSING TRUST CORPORATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Miscellaneous cash received	\$ 325
Cash paid to employees	(24,590)
Other payments	<u>(4,789)</u>
Net cash used by operating activities	<u>(29,054)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES -	
Cash received from city/county	4,059,188
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -	
Purchase of furniture and fixtures	(3,300)
CASH FLOWS FROM INVESTING ACTIVITIES -	
Interest received on cash and cash equivalents	<u>42,133</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,068,967
CASH AND CASH EQUIVALENTS, Beginning of year	<u>                    </u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$4,068,967</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (39,475)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	92
Increase in liabilities:	
Accounts payable	<u>10,329</u>
Net cash provided by operating activities	<u>\$ (29,054)</u>

See notes to financial statements.

# COLUMBUS/FRANKLIN COUNTY AFFORDABLE HOUSING TRUST CORPORATION

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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### 1. ORGANIZATION AND REPORTING ENTITY

**Organization** - The Columbus/Franklin County Affordable Housing Trust Corporation (the Housing Trust) is a nonprofit corporation created on August 31, 2000, organized to promote home ownership and affordable rental housing opportunities in the City of Columbus and Franklin County. The Housing Trust is governed by an eleven member Board of Directors (the Board) appointed jointly by the Franklin County Board of Commissioners and the City of Columbus City Council.

**Reporting Entity** - The Housing Trust's financial reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Reporting Entity*." The financial statements include all divisions and operations for which the Housing Trust is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organizations other than the Housing Trust itself are included in the financial reporting entity.

The Housing Trust's Board is appointed jointly by the Mayor of the City of Columbus, Ohio and Franklin County, Ohio. The Housing Trust is considered to be a governmental organization as the City and County can impose their will on the Housing Trust through the appointment of the Board of Directors. The Housing Trust is a joint venture of the City of Columbus and Franklin County.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies followed in the presentation of the financial statements.

**Basis of Presentation** - The financial statements of the Housing Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Pursuant to GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*", the Housing Trust follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles, Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the

financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition** - The Housing Trust's revenues are derived from funding received from the City of Columbus and Franklin County. Revenues from the City of Columbus include a sum not to exceed .43% of the 5.1% hotel/motel tax revenue stream collected by the City of Columbus and are recognized when the underlying exchange transaction on which the hotel/motel tax occurs. Revenues from support funding by the City of Columbus and Franklin County are reported as non-operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Housing Trust considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Receivables** - Receivables represent hotel/motel tax revenue due from the City of Columbus and are reported at their gross value when earned as the underlying exchange transaction occurs.

**Restricted Assets** - Restricted assets consist of monies and other resources, which are restricted legally or by enabling legislation. These restrictions are described below:

- **Restricted for Affordable Housing Purposes** - \$300,000 of the funding received in 2001 can be utilized by the Housing Trust for their operations. The remaining funding received is restricted for affordable housing trust purposes. Additionally, 60% of these restricted revenues shall be expended, granted, loaned, or invested in projects that serve people whose income is at or below sixty percent of the medium income of Franklin County residents.

**Capital Assets** - Capital assets are stated at historical cost and include expenditures which substantially increase the useful lives of existing assets.

Depreciation of property and equipment is computed under the straight-line method at various rates considered adequate to allocate the cost over the estimated useful lives of such assets. The estimated lives for furniture and fixtures is 3 years.

**Income Taxes** - The Housing Trust is tax exempt under the appropriate sections of the Internal Revenue Code as well as sections of state and local tax statutes and, accordingly, no provision for Federal, state, or local income taxes is currently required for its operations.

### 3. CASH AND CASH EQUIVALENTS

**Deposits with Financial Institutions** - At December 31, 2001, the carrying amount and the bank balance of the Housing Trust's deposits with financial institutions was \$4,068,967. Based upon criteria described in GASB Statement No. 3, "*Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*", \$400,000 of the bank balance was covered by deposit insurance provided by the FDIC; and \$3,668,967 was uncollateralized (Category 3) as defined by the GASB.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Columbus/Franklin County Affordable Housing  
Trust Corporation

and

The Honorable Jim Petro  
Auditor of State:

We have audited the financial statements of the Columbus/Franklin County Affordable Housing Trust Corporation (the Housing Trust) as of and for the year ended December 31, 2001, and have issued our report thereon dated April 30, 2002. 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.

**COMPLIANCE**

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

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Housing Trust'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 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 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. However, we noted certain matters involving the internal control over financial reporting, which we have presented to management of the Housing Trust in a separate letter dated April 30, 2002.

This report is intended solely for the information and use of the board of trustees and management of the Housing Trust, the Ohio Auditor of State, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DELOITTE & TOUCHE LLP

April 30, 2002







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**COLUMBUS/FRANKLIN COUNTY AFFORDABLE HOUSING TRUST CORPORATION**

**FRANKLIN 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 6, 2002**