

Downtown Wilmington Community
Improvement Corporation
Wilmington, Ohio

Financial Statements

For the Years Ending December 31, 2001 and 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398
www.auditor.state.oh.us

Board of Trustees
Downtown Wilmington Community Improvement Corporation

We have reviewed the Independent Auditor's Report of the Downtown Wilmington Community Improvement Corporation, Clinton County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2000 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 Downtown Wilmington Community Improvement 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

October 4, 2002

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Downtown Wilmington Community
Improvement Corporation

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8025 Corporate Circle, Suite 4
North Royalton, Ohio 44133
Phone: (440) 886-0482
Fax: (440) 886-0585
E-mail: sconsiglio@aol.com

SALVATORE CONSIGLIO, CPA, INC.

Independent Auditors' Report

Board of Trustees
Downtown Wilmington Community
Improvement Corporation

I have audited the accompanying statements of financial position of Downtown Wilmington Community Improvement Corporation, Ohio, (a nonprofit corporation) as of and for the year ended December 31, 2001 and 2000, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Downtown Wilmington Community Improvement Corporation, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Downtown Wilmington Community Improvement Corporation, Ohio, as of December 31, 2001 and 2000, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated July 24, 2002, on my consideration of Downtown Wilmington Community Improvement Corporation, Ohio's internal control over financial reporting and my 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 result of my audit.



Salvatore Consiglio, CPA, Inc.

July 24, 2002

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF FINACIAL POSITION
DECEMBER 31, 2001 AND 2000

	2001	2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$5,016	\$660
Security Deposit	500	0
	5,516	660
Property net of Depreciation	81,977	83,455
Total Assets	\$87,493	\$84,115
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	\$1,531	\$ 0
Security Deposit Payable	750	0
	2,281	0
Total Current Liabilities	2,281	0
Long Term Liabilities:		
Loan Payable	64,790	114,535
	64,790	114,535
Total Long Term Liabilities	64,790	114,535
Total liabilities	67,071	114,535
Net assets:		
Unrestricted net assets:		
Operating	(11,801)	(24,287)
Fixed assets	32,223	(6,133)
	20,422	(30,420)
Total unrestricted net assets	20,422	(30,420)
Total Liabilities and Net Assets	\$87,493	\$84,115

See accompanying notes to financial statements

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
REVENUES:		
Donation	\$72,391	\$9,975
Rental Income	9,000	-0-
Membership Income	-0-	27
	81,391	10,002
EXPENSES:		
General and Administrative Expenses:		
Salaries and related expenses	11,655	-0-
Professional Fees	208	-0-
Supplies	601	61
Bank Fees	-0-	5
Utilities	526	365
Telephone	140	-0-
Insurance	300	275
Real Estate Taxes	1,782	-0-
Maintenance and Repairs	-0-	3,142
Rental Expense	3,500	-0-
Miscellaneous Expense	12	-0-
Program Services	4,123	-0-
Interest Expense	4,288	6,876
Depreciation Expense	3,414	1,545
	30,549	12,269
Excess revenue over expenses	50,842	(2,267)
Net Assets – unrestricted at beginning of year	(30,420)	(28,153)
	\$20,422	(\$30,420)
Net Assets – unrestricted at end of year	\$20,422	(\$30,420)

See accompanying notes to financial statements

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
Operating activities		
Change in net assets	\$50,842	(\$2,267)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,414	1,545
(Decreases) Increase in accounts payable	1,531	-0-
(Increase) in Security Deposit	(500)	-0-
Increase in Security Deposit Payable	750	-0-
Rounding Adjustment	(1)	-0-
Net cash provided by operating activities	56,036	(722)
Investing activities		
Loan proceeds	3,000	97,500
Purchase of fixed assets	(1,935)	(85,000)
Debt payment – principle	(52,745)	(11,651)
Net cash from investing activities	(51,680)	849
Net decrease in cash and cash equivalents	4,356	127
Cash and cash equivalents as of beginning of year	660	533
Cash and cash equivalents as of end of year	\$5,016	\$660

See accompanying notes to financial statements

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 and 2000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Downtown Wilmington Community Improvement Corporation (the Agency) is a nonprofit organization incorporated in the State of Ohio on April 25, 1986. The Agency was formed for the purpose of promoting the creation or preservation of jobs and employment opportunity and in rehabilitation and redeveloping the Wilmington Central Business District.

The Agency source of funding includes contribution received from the City of Wilmington, rental revenue earned and membership fees. For the years ending December 31, 2001 and 2000 contribution from the City of Wilmington represented 89% and 100%, respectively.

Public Support and Revenue

Contributions received are generally available for unrestricted use in the current year unless specifically restricted by the donor. If restricted contributions are received it is recorded as temporarily restricted until the donor restriction is satisfied. At that point the, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Agency is a nonprofit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of management's estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 and 2000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property is capitalized at cost. It is the Agency's policy to capitalize expenditures for items in excess of \$500. Lesser amounts are expensed. Building owned by the Agency is being depreciated over estimated useful lives of 27 ½ years and computer equipment is depreciated over 3 years using a straight-line method, with a half of a year's depreciation recognized in the years of acquisition. For the year ended December 31, 2001 and 2000, depreciation expense amounted to \$1,545 and \$3,091, respectively.

NOTE 2: LOAN PAYABLE

In June 2000, the Agency obtained a \$95,000 mortgage loan to finance the purchase and repairs of a building. On December 2000 this loan was split into two separate loans: a \$40,000 and \$55,000 loan amounts. The term of the two loans was open-ended mortgages with the principal balance due at March 4, 2001 with a 9.5% interest rate.

The \$40,000 loan was paid off on June 1, 2001. On February 1, 2001, the \$55,000 loan was renewed for 25-year note with a balance of \$54,741.65 maturing on February 15, 2025. The Term of the loan is 9% interest rate with 25 installment payments of \$5,178.80 due on the 15th day of each February.

In addition, the Agency also has two working capital loans. One of the loans has an outstanding balance of \$12,035 as of December 31, 2001. No information was available on this loan, only that an annual principal payment of \$7,500 is paid ever year until it is paid off. The other loan, as of December 31, 2001, has a \$3,000 balance with an open-ended term with the principal balance due on July 31 with an interest rate of 9%.

The interest expense incurred for the year ending December 31, 2001 and 2000 is \$4,288 and \$6,876, respectively.

NOTE 3: FINANCIAL STATEMENT PRESENTATION

The Agency has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Agency is required to present a statement of cash flows.

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

Board of Trustees
Downtown Wilmington Community
Improvement Corporation

I have audited the financial statements of the Downtown Wilmington Community Improvement Corporation, Ohio, as of and for the year ended December 31, 2001 and 2000, and have issued my report thereon dated July 24, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United State 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 Downtown Wilmington Community Improvement Corporation, Ohio's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Downtown Wilmington Community Improvement Corporation, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 component does not reduce to a relatively low level the risk that misstatement in amounts that would be material in

relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Salvatore Consiglio, CPA, Inc.

July 24, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION

CLINTON 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
OCTOBER 10, 2002**