



Dave Yost • Auditor of State

**DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
CLINTON COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Downtown Wilmington Community Improvement Corporation
Clinton County
69 N. South Street
Wilmington, Ohio 45177

To the Board of Trustees:

We have audited the accompanying statement of financial position of the Downtown Wilmington Community Improvement Corporation, Clinton County, Ohio (the Corporation), as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions 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 respective financial position of the Downtown Wilmington Community Improvement Corporation, Clinton County, Ohio as of December 31, 2011 and 2010, and the respective 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 of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2013, 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 11, 2013

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DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
Statement of Financial Position
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,072	\$ 18,305
Security deposit	<u>275</u>	<u>275</u>
Total current assets	<u>21,347</u>	<u>18,580</u>
Property net of depreciation	<u>295,228</u>	<u>296,749</u>
Total Assets	<u><u>\$ 316,575</u></u>	<u><u>\$ 315,329</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Current liabilities:		
Accounts payable	\$ -	\$ -
Payroll taxes payable	655	707
Current loan payable	<u>-</u>	<u>-</u>
Total current liabilities	<u>655</u>	<u>707</u>
Noncurrent liabilities		
Security deposit payable	1,275	1,275
Loan payable	<u>261,886</u>	<u>259,483</u>
Total noncurrent liabilities	<u>263,161</u>	<u>260,758</u>
Total Liabilities	<u>263,816</u>	<u>261,465</u>
Net Assets:		
Unrestricted net assets:		
Operating	(27,766)	(30,585)
Fixed assets	<u>80,525</u>	<u>84,449</u>
Total unrestricted net assets	<u>52,759</u>	<u>53,864</u>
Total Liabilities and Net Assets	<u><u>\$ 316,575</u></u>	<u><u>\$ 315,329</u></u>

See accompanying notes to financial statements

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION

Statement of Activities

For the Years Ended December 31, 2011 and 2010

	2011	2010
REVENUES:		
Membership income	36,243	32,411
Rental income	14,000	13,975
Program revenue	14,503	22,699
Contributions	249	500
Miscellaneous income	641	47
	65,636	69,632
Total Revenues		
 EXPENSES:		
General and Administrative Expenses:		
Salaries and related expenses	32,639	32,293
Professional fees	1,991	3,440
Contract services	-	52
Supplies	1,267	380
Dues	1,751	1,185
Utilities	614	601
Insurance	2,040	1,722
Repairs and maintenance	831	2,186
Training	-	356
Travel	1,486	915
Miscellaneous expense	770	133
Taxes	4,381	1,709
Program expenses	11,855	17,422
Interest expense	-	5,975
Depreciation	7,116	6,935
	66,741	75,304
Total Expenses		
 Changes in Net Assets	(1,105)	(5,672)
Net Assets-unrestricted at beginning of year	53,864	59,536
 Net Assets-unrestricted at end of year	\$ 52,759	\$ 53,864

See accompanying notes to financial statements

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION

Statement of Cash Flows

For the Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from Contributions	\$ 249	\$ 500
Cash from Program Revenue	14,503	22,699
Cash from Membership Dues	36,243	32,411
Cash from Rental Income	14,000	13,975
Cash from Grants	-	-
Cash from Other Sources	641	47
Cash Paid for Operating Expenses	(59,677)	(68,672)
Net cash provided(used) by operating activities	5,959	960
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES:		
Capital expenditure	(5,595)	(112,300)
Loan proceeds received	2,403	159,483
Payments on long-term debt	-	(42,774)
Net cash provided(used) by financing activities	(3,192)	4,409
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	2,767	5,369
CASH AND CASH EQUIVALENTS-January 1	18,305	12,936
CASH AND CASH EQUIVALENTS-December 31	\$ 21,072	\$ 18,305
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$(1,105)	\$(5,672)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,116	6,935
(Decrease) in accounts payable	-	(51)
(Decrease) in payroll taxes payable	(52)	(252)
Increase in tenant security deposits	-	-
Net cash provided(used) by operating activities	\$ 5,959	\$(960)

See accompanying notes to financial statements

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**DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
CLINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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. The Agency was formed to further develop the revitalization of downtown Wilmington.

In November of 2002, the Downtown Wilmington Community Improvement Corporation (DWCIC), through a competitive application process with Historical Ohio Inc., was named a Main Street community. This designation entitles the DWCIC to the resources and expertise of this state organization. The "Main Street Wilmington Program" became a branch of the DWCIC, with a separate checking account established to designate those activities. As a branch of the Downtown Wilmington Community Improvement Corporation, the goals of the program and the DWCIC are one and the same, therefore the revenues and expenses are reported in whole on these financial statements. The DWCIC acted as a fiscal agent for the Main Street Wilmington Program.

Beginning in February of 2013, the Main Street Program will be moving its activities to the Clinton County Foundation. The foundation is a nonprofit corporation that is a Charitable Organization. The Main Street Program shall be a component part of the Foundation as defined in Treasury Regulation 1.17a-9(e)(11)(ii) and will not be a separate trust. The Main Street Program directors determined that the Foundation was an appropriate organization for their non-profit activities. The relationship with the DWCIC will terminate effective with the Foundation approval in February 2013.

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
CLINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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. The buildings owned by the Agency are being depreciated over estimated useful lives of 27 ½-39 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. Depreciation expense amounted to \$7,116(2011) and \$6,935(2010).

NOTE 2: LOAN PAYABLE

In February 2001, the Agency obtained an \$54,742 mortgage loan to finance the purchase and repairs of a building. The loan was paid off in 2010.

On June 22, 2007, the Downtown Wilmington Community Improvement Corporation received financial assistance from the City of Wilmington with a UDAG term loan (loan number 242.740.5574) in the amount of \$75,000 with an interest rate of 0% and no payment due until maturity, June 22, 2014. The loan agreement was amended on June 19, 2008 increasing the term loan to \$100,000. The loan is designated for the purchase and renovation of property at 59 W. Sugartree Street. The board of the DWIC intends to request a renewal of this obligation at the date of maturity.

On August 5, 2010, the Downtown Wilmington Community Improvement Corporation received financial assistance from the City of Wilmington with a UDAG term loan (loan number 242.710.5576) in the amount of \$159,483 with an interest rate of 0% and no payment due until maturity, August 5, 2017. This loan is designated for the purchase and improvements to 65 S. South Street and 56 W. Sugartree Street.

The following is a summary of changes in long-term debt for the year ended December 31, 2011 and 2010:

DESCRIPTION	BALANCE 12-31-09	ISSUED	RETIRED	BALANCE 12-31-10
Loan payable	\$142,774	\$159,483	\$ 42,774	\$ 259,483
TOTAL	\$ 142,774	\$159,483	\$ 42,774	\$ 259,483

DESCRIPTION	BALANCE 12-31-10	ISSUED	RETIRED	BALANCE 12-31-11
Loan payable	\$ 259,483	\$ 2,403	\$ -	\$ 261,886
TOTAL	\$ 259,483	\$ 2,403	\$ -	\$ 261,886

**DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
CLINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 2: LOAN PAYABLE – (continued)

Maturities of the debt are as follows:

<u>Years</u>	<u>Principal</u>
2011	-
2012	-
2013	-
2014	\$ 100,000
2015	-
2016-2026	<u>\$ 161,886</u>
 TOTAL	 <u>\$ 261,886</u>

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. These financial statements follow the accrual basis of accounting.

**DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
CLINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in capital assets for 2010 and 2011:

DESCRIPTION	Balance 01/01/10	ADDITIONS	DELETIONS	Balance 12/31/10
Capital Assets:				
Land	\$ 11,500	\$112,300	\$ -	\$ 123,800
Building	217,435	-	-	217,435
Equipment	1,936	-	-	1,936
Total	<u>230,871</u>	<u>112,300</u>	<u>-</u>	<u>343,171</u>
Accumulated Depreciation				
Building	(37,551)	(6,935)	-	(44,486)
Equipment	(1,936)	-	-	(1,936)
Total	<u>(39,487)</u>	<u>(6,935)</u>	<u>-</u>	<u>(46,422)</u>
Total Capital Assets – Net	<u>\$ 191,384</u>	<u>\$105,365</u>	<u>\$ -</u>	<u>\$ 296,749</u>
DESCRIPTION	Balance 01/01/11	ADDITIONS	DELETIONS	Balance 12/31/11
Capital Assets:				
Land	\$ 123,800	\$ -	\$ -	\$ 123,800
Building	217,435	5,595	-	223,030
Equipment	1,936	-	-	1,936
Total	<u>343,171</u>	<u>5,595</u>	<u>-</u>	<u>348,766</u>
Accumulated Depreciation				
Building	(44,486)	(7,116)	-	(51,602)
Equipment	(1,936)	-	-	(1,936)
Total	<u>(46,422)</u>	<u>(7,116)</u>	<u>-</u>	<u>(53,538)</u>
Total Capital Assets – Net	<u>\$ 296,749</u>	<u>\$ (1,521)</u>	<u>\$ -</u>	<u>\$ 295,228</u>



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

Downtown Wilmington Community Improvement Corporation
Clinton County
69 N. South Street
Wilmington, Ohio 45177

To the Board of Trustees:

We have audited the financial statements of the Downtown Wilmington Community Improvement Corporation, Clinton County, Ohio (the Corporation), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated February 11, 2013. 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*.

Downtown Wilmington Community Improvement Corporation
Clinton County
Independent Accountants' Report on Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required by Government Auditing Standards
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated February 11, 2013.

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

February 11, 2013



Dave Yost • Auditor of State

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
FEBRUARY 26, 2013**