

Downtown Wilmington Community
Improvement Corporation
Wilmington, Ohio

Financial Statements

For the Years Ending December 31, 2003 and 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Downtown Wilmington Community Improvement Corporation
69 North South Street
Wilmington, Ohio 45177

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, 2002 through December 31, 2003. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 27, 2004

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Downtown Wilmington Community
Improvement Corporation

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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, 2003 and 2002, 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, 2003 and 2002, 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 12, 2004, 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 12, 2004

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
Statement of Financial Position
December 31, 2003

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$11,489	\$3,343
Account Receivable	1,342	1,342
Security Deposit	275	500
Total current assets	13,106	5,185
Property net of Depreciation	74,505	78,241
Total Assets	\$87,611	\$83,426
 LIABILITIES AND NET ASSETS		
Liabilities:		
Loan Payable	\$48,465	\$49,158
Security Deposit Payable	275	750
Total Liabilities	48,740	49,908
Net Assets:		
Unrestricted net assets:		
Operating	12,831	4,435
Fixed assets	26,040	29,083
Total unrestricted net assets	38,871	33,518
Total Liabilities and Net Assets	\$87,611	\$83,426

See accompanying notes to financial statements

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
Statement of Activities
December 31, 2003

	2003	2002
REVENUES:		
Contributions	\$12,582	\$28,892
Membership Income	52,318	4,710
Rental Income	5,125	9,000
Sales	1,740	0
Miscellaneous Income	229	138
Total Revenue	71,994	42,740
EXPENSES:		
General and Administrative Expenses:		
Salaries and related expenses	28,844	17,800
Professional Fees	553	2,454
Supplies	3,526	213
Utilities	2,652	710
Insurance	429	350
Maintenance and Repair	500	879
Rental Expense	5,000	5,500
Miscellaneous Expense	7,118	2,907
Program Expenses	10,037	2,425
Interest Expense	4,486	4,706
Depreciation	3,736	3,736
Total Expenses	66,881	41,680
Excess revenue over expenses	5,113	1,060
Prior Period Adjustment	240	12,036
Net Assets – unrestricted at beginning of year	33,518	20,422
Net Assets – unrestricted at end of year	\$38,871	\$33,518

See accompanying notes to financial statements

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
Statement of Cash Flows
December 31, 2003

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$5,113	\$1,060
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,736	3,736
Increase in account receivable	0	(92)
Decreases in accounts payable	0	(1,531)
	8,849	3,173
CASH FLOWS FROM INVESTING ACTIVITIES		
Debt payment – principle	(693)	(4,846)
	(693)	(4,846)
Net cash used by investing activities	(693)	(4,846)
Net decrease in cash and cash equivalents	8,156	(1,673)
Prior Period Adjustment to Properly State Beginning Cash	(10)	0
Cash and cash equivalents as of beginning of year	3,343	5,016
	\$11,489	\$3,343
Cash and cash equivalents as of end of year	\$11,489	\$3,343

See accompanying notes to financial statements

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
Notes to Financial Statements
December 31, 2003

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.

The Agency source of funding includes contribution received from the City of Wilmington, revenue earned from services rendered and membership fees. For the years ending December 31, 2003 and 2002 contribution from the City of Wilmington represented 47% and 77%, respectively.

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 and the program and the DWCIC are one and the same, therefore the revenues and expenses are reported in whole on these financial statements.

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) (3) 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.

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
Notes to Financial Statements
December 31, 20023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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, 2003 and 2002, depreciation expense amounted to \$3,736 and \$3,736, respectively.

NOTE 2: LOAN PAYABLE

In June 2000, the Agency obtained an \$85,000 mortgage loan to finance the purchase and repairs of a building. The interest expense incurred for the year ending December 31, 2003 and 2002 are \$4,486 and \$4,706, respectively.

The outstanding principal balance on the mortgage is \$48,465 as of December 31, 2003 and \$49,158 at December 31, 2002.

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.

NOTE 4: PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$240 in 2003 and \$12,036 in 2002 was necessary to properly state the State of Financial Position. The adjustments were as follows:

	<u>2003</u>	<u>2002</u>
- Adjustment to properly state beginning cash balance	(\$10)	\$0
- Adjustment to correct the loan payable balance	0	12,036
- Adjustment to properly state security deposit receivable	250	0
Total Prior Period Adjustment	\$240	\$12,036

DOWNTOWN WILMINGTON COMMUNITY IMPROVEMENT CORPORATION
Notes to Financial Statements
December 31, 2003

NOTE 4: PRIOR PERIOD ADJUSTMENT – (Continued)

The adjustment to restate the loan balance by \$12,036 is to eliminate a loan that the CIC is a cosigner that was erroneously reflected in the 2001 financial statements. The actual loan is with a tenant and it was for leasehold improvements made to a building owned by the CIC. The tenant is responsible to make the loan payments and is making the payments. The CIC cosigned the loan so that the tenant qualified for the loan.



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**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, 2003 and 2002, and have issued my report thereon dated July 12, 2004. 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. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the Downtown Wilmington CIC, Ohio, in a separate letter dated July 12, 2004.

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.

A handwritten signature in black ink that reads "Salvatore Consiglio". The signature is written in a cursive style and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.

July 12, 2004



**Auditor of State
Betty Montgomery**

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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 7, 2004**