

**Youngstown Central Area
Community Improvement Corporation**

AUDIT REPORTS

Years Ended June 30, 2003, 2002, and 2001

BODINE  PERRY LLC
Certified Public Accountants & Business Analysts
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Mary Taylor, CPA
Auditor of State

Board of Trustees
Youngstown Central Area Community Improvement Corporation
11 Central Square, Suite 1600
Youngstown, Ohio 44503

We have reviewed the *Independent Auditors' Report* of the Youngstown Central Area Community Improvement Corporation, Mahoning County, prepared by Bodine Perry, LLC, for the audit period July 1, 2000 through June 30, 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 Youngstown Central Area Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA
Chief Deputy Auditor

May 11, 2010

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INDEPENDENT AUDITORS' REPORT

November 19, 2009

Board of Trustees
Youngstown Central Area Community Improvement Corporation
Youngstown, Ohio

We have audited the accompanying financial statements of Youngstown Central Area Community Improvement Corporation (YCACIC) as of and for the years ended June 30, 2003, 2002, and 2001, as listed in the table of contents. These financial statements are the responsibility of the YCACIC'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 *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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YCACIC, as of June 30, 2003, 2002, and 2001, and the changes in net assets and revenues, expenditures and other changes, and the cash flows for the years ended June 30, 2003, 2002, and 2001 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 November 19, 2009, on our consideration of YCACIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Function Expenses on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BODINE PERRY, LLC
Certified Public Accountants and Business Analysts

Canfield, Ohio

Youngstown Central Area Community Improvement Corporation

Statements of Financial Position

June 30, 2003, 2002, and 2001

ASSETS

	2003	2002	2001
<u>CURRENT ASSETS</u>			
Cash	\$ 520,733	\$ 541,750	\$ 495,017
Investments	4,317	8,264	85,826
Investments - Designated	805,774	803,815	774,116
Accounts Receivable	87,342	8,993	25,943
Grants Receivable	-	33,565	64,661
Accrued Receivables	20,849	21,392	-
Prepaid Expenses	17,709	15,785	-
Total Current Assets	1,456,724	1,433,564	1,445,563
<u>PROPERTY AND EQUIPMENT</u>			
Building	8,472,919	8,472,919	8,472,919
Building Improvements	450,488	450,488	372,925
Land	2,778,980	2,778,980	2,767,435
Land Improvements	351,615	351,615	351,615
Furniture and Equipment	1,542	1,542	1,542
Construction in Progress	1,155	-	-
Subtotal	12,056,699	12,055,544	11,966,436
Less: Accumulated Depreciation	(1,676,525)	(1,355,892)	(1,036,083)
Total Property and Equipment	10,380,174	10,699,652	10,930,353
<u>OTHER ASSETS</u>			
Deferred Bond Issue Costs (Net of Accumulated Amortization of \$33,534, \$26,827, and \$20,121 in 2003, 2002, and 2001, respectively)	167,671	174,378	181,085
Total Other Assets	167,671	174,378	181,085
TOTAL ASSETS	\$ 12,004,569	\$ 12,307,594	\$ 12,557,001

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 27,602	\$ 72,454	\$ 33,286
Bonds Payable, Current Portion	70,000	70,000	50,000
Security Deposits	741	450	2,452
Accrued Bond Interest	146,041	147,404	148,366
Accrued Real Estate Taxes	7,103	9,019	47,800
Deferred Grant Revenue	58,698	92,264	141,917
Total Current Liabilities	310,185	391,591	423,821
<u>LONG-TERM DEBT</u>			
Bonds Payable, Net of Current Portion and Unamortized Bond Discount of \$138,343, \$144,652, and \$150,960 in 2003, 2002 and 2001 respectively.	6,226,657	6,290,348	6,354,040
Total Liabilities	6,536,842	6,681,939	6,777,861
<u>NET ASSETS</u>			
Unrestricted			
Designated	805,774	803,815	774,116
Undesignated	4,661,953	4,821,840	5,005,024
Total Unrestricted Net Assets	5,467,727	5,625,655	5,779,140
TOTAL LIABILITIES AND NET ASSETS	\$ 12,004,569	\$ 12,307,594	\$ 12,557,001

See Independent Auditors' Report and Notes to Financial Statements

Youngstown Central Area Community Improvement Corporation

Statements of Activities

For The Years Ended June 30, 2003, 2002, and 2001

	2003	2002	2001
<u>UNRESTRICTED REVENUES AND OTHER SUPPORT</u>			
Governmental Grants	\$ -	\$ 51,067	\$ 917,281
Rental Income	989,540	922,188	869,701
Interest Income	7,616	19,073	69,449
Other	128,247	66,225	304,290
Total Unrestricted Revenues and Other Support	1,125,403	1,058,553	2,160,721
<u>EXPENSES</u>			
Program	1,259,331	1,183,038	1,182,988
General and Administrative	24,000	29,000	44,000
Total Expenses	1,283,331	1,212,038	1,226,988
Change in Estimate - See Note G	-	-	(815,947)
Increase (Decrease) in Unrestricted Net Assets	(157,928)	(153,485)	117,786
Unrestricted Net Assets - Beginning of Year	5,625,655	5,779,140	5,661,354
Unrestricted Net Assets - End of Year	\$ 5,467,727	\$ 5,625,655	\$ 5,779,140

Youngstown Central Area Community Improvement Corporation

Statements of Cash Flows

For The Years Ended June 30, 2003, 2002, and 2001

	2003	2002	2001
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Change in net assets	\$ (157,928)	\$ (153,485)	\$ 117,786
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:			
Depreciation	320,633	319,809	313,215
Amortization of Bond Issue Costs	6,707	6,707	6,707
Amortization of Original Issue Discount on Bonds	6,308	6,308	6,308
(Increase) Decrease in Operating Assets			
Accounts Receivable	(78,349)	16,950	410,703
Grants Receivable	33,565	31,096	148,376
Interest Receivable	-	-	14,924
Accrued Receivables	543	(21,392)	-
Prepaid Expenses	(1,924)	(15,785)	-
Investment in Joint Venture	-	-	535,107
Increase (Decrease) in Operating Liabilities			
Accounts Payable	(44,852)	39,168	(562,225)
Security Deposits	291	(2,002)	(400)
Accrued Bond Interest	(1,363)	(962)	(1,114)
Accrued Real Estate Taxes	(1,916)	(38,781)	(93,704)
Deferred Grant Revenue	(33,566)	(49,653)	(924,283)
Net Cash Provided By (Used In) Operating Activities	48,149	137,978	(28,601)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payment of Bonds Payable	(70,000)	(50,000)	(60,000)
Net Cash Flows Used In Financing Activities	(70,000)	(50,000)	(60,000)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of Investments	(1,659,258)	(1,668,866)	(1,084,775)
Sale of Investments	1,661,247	1,716,729	1,048,038
Purchase of Property and Equipment	(1,155)	(89,108)	(903,501)
Net Cash Provided By (Used In) Investing Activities	834	(41,245)	(940,238)
Net (Decrease) Increase In Cash	(21,017)	46,733	(1,028,839)
Cash - Beginning of Year	541,750	495,017	1,523,856
Cash - End of Year	\$ 520,733	\$ 541,750	\$ 495,017
<u>SUPPLEMENTARY INFORMATION</u>			
Cash Paid for Interest	\$ 318,760	\$ 321,698	\$ 323,811

See Independent Auditors' Report and Notes to Financial Statements

The Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements

June 30, 2003, 2002, and 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Youngstown Central Area Community Improvement Corporation (the "Organization") is a community improvement organization which was formed on April 25, 1988, with the primary purpose of acting as a designated agent of the city of Youngstown, Ohio in promoting industrial and economic development within the central area of the city. The Organization serves as a subrecipient for Community Development and Economic Development Grants received by the city of Youngstown. The Organization is dependent upon continued funding from the city of Youngstown.

Basis of Accounting

The Organization has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Organization's deposits may at times exceed the insured limit.

Grants and Deferred Revenue

Governmental grants are deferred and are not recognized as revenue until expenditures are incurred.

Property and Equipment

Property and equipment are recorded at cost for purchased assets and at fair market value at the date of gift for donated assets. No formal appraisal has been done on the donated properties and no reasonable method has been available to value the property. Consequently, management has recorded land and building according to the assessment assigned by the Mahoning County Real Estate Tax Department in assessing county real estate taxes.

Renewals and replacements of a routine nature are expensed, while those that extend or improve the life of existing properties are capitalized.

Assets are depreciated by the straight-line method over their estimated useful lives. The following is a summary of the useful lives.

Land and Building Improvements	7-20 years
Buildings	20-30 years
Furniture and Equipment	5 years

Program Services

For financial statement purposes, the Organization is involved with one program service which is to promote industrial and economic development within the central business district of the city of Youngstown.

Restriction Policy

The Organization has no donor imposed restrictions which need to be classified as temporary or permanently restricted assets.

The Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements

June 30, 2003, 2002, and 2001

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CON'T)

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 and disclosure. Actual results could differ from those estimates.

Federal Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE B – GRANTS

The city of Youngstown awarded a Development Grant (Section 108 Funds) to the Organization in April 1995 in the amount of \$2,500,000. The Organization has grants receivable relating to the Development Grant of \$33,565 and \$64,661 at June 30, 2002 and 2001, respectively. The Grant ran out in 2002.

NOTE C – INVESTMENTS

Investments are carried at market value as determined by quoted market prices. Investments consist of the following U.S. Treasury Money Market amounts as of June 30, 2003, 2002, and 2001.

	2003	2002	2001
Cost	\$ 810,091	\$ 812,079	\$ 859,942
Market Value	\$ 810,091	\$ 812,079	\$ 859,942

\$805,774, \$803,815, and \$774,116 of the investments were held in Trust at Huntington National Bank in 2003, 2002, and 2001 respectively, for the purpose of satisfying scheduled payments on the bonds.

NOTE D – LONG TERM DEBT

Long-term debt consisted of the following:

	June 30		
	2003	2002	2001
Bond obligations, interest rates from 4.05% to 5.0 %, due at various dates until 2028	\$ 6,435,000	\$ 6,505,000	\$ 6,555,000
Less unamortized discount	138,343	144,652	150,960
Less current portion	70,000	70,000	50,000
Net Long-Term Debt	\$ 6,226,657	\$ 6,290,348	\$ 6,354,040

The Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements

June 30, 2003, 2002, and 2001

Year Ending June 30,		Amount
2004	\$	70,000
2005		85,000
2006		85,000
2007		100,000
2008		100,000
Thereafter		5,995,000
	\$	6,435,000

Interest incurred was \$318,760, \$321,698 and \$323,811 for the years ended June 30, 2003, 2002 and 2001, respectively.

NOTE E – REAL ESTATE TAX EXEMPTION

The Organization applied to the Mahoning County Real Estate Tax Department for an exemption of real estate taxes. Subsequent to June 30, 2001, the Organization was informed that the application was approved. The accompanying financial statements include \$85,655 of other income included in the June 30, 2001 Statement of Activities, to adjust for previously expensed real estate taxes.

NOTE F – RENTALS UNDER OPERATIONAL LEASES

The Organization leased office space as a lessee on a month-to-month basis. Rent expense for the years ended June 30, 2002 and 2001 was \$1,991 and \$3,983, respectively. The Organization stopped paying rent after 2002 due to end of lease.

The Organization earned \$161,817, \$94,466, and \$68,811 in 2003, 2002, and 2001 respectively, from the leasing of parking lots and office space to various businesses. These cancellable leases are on a month-to-month basis.

The Company is the lessor of office space under noncancellable operating leases with renewal options extending through 2029. Management expects these leases will be renewed. Including renewals, minimum future rentals to be received on these noncancelable leases as of June 30, 2003 for each of the next five years and in the aggregate are:

**The Youngstown Central Area
Community Improvement Corporation**

Notes to Financial Statements

June 30, 2003, 2002, and 2001

Year Ended June 30,	Amount
2004	\$ 829,849
2005	829,849
2006	852,337
2007	835,909
2008	860,986
Thereafter	21,247,924
Total Minimum Future Rentals	\$ 25,456,854

Following is a summary of office space held for lease:

	June 30		
	2003	2002	2001
Building	\$ 7,802,229	\$ 7,802,229	\$ 7,802,229
Less: Accumulated Depreciation	980,280	720,206	460,131
	\$ 6,821,949	\$ 7,082,023	\$ 7,342,098

NOTE G – CHANGE IN ESTIMATES

During 2001 the company reduced its estimate of the useful lives of certain machinery and equipment to reflect technological changes. This change had the effect of decreasing net income for 2001 by \$35,699.

The accompanying financial statements for June 30, 2001 have adjusted for changes in estimates. The effect of the changes in estimate were to decrease accounts receivable by \$380,605, decrease investments in joint venture by \$535,107, and decrease accounts payable by \$99,765. The net effect of these adjustments are shown on the Statement of Activities as a decrease of \$815,947 for the year ended June 30, 2001.

Youngstown Central Area Community Improvement Corporation

Schedules of Functional Expenses

For The Years Ended June 30, 2003, 2002, and 2001

	Program			General and Administrative			Totals		
	2003	2002	2001	2003	2002	2001	2003	2002	2001
Depreciation	\$ 320,633	\$ 319,809	\$ 313,215	\$ -	\$ -	\$ -	\$ 320,633	\$ 319,809	\$ 313,215
Contracted Services	236,393	145,404	150,121	24,000	24,000	24,000	260,393	169,404	174,121
Legal and Professional	45,558	53,209	49,155	-	5,000	20,000	45,558	58,209	69,155
Occupancy and Maintenance	298,945	272,991	296,131	-	-	-	298,945	272,991	296,131
Marketing	1,259	4,538	9,141	-	-	-	1,259	4,538	9,141
Consulting	12,246	35,388	14,320	-	-	-	12,246	35,388	14,320
Bond Expense	337,144	340,062	336,826	-	-	-	337,144	340,062	336,826
Real Estate Taxes	4,290	3,021	1,608	-	-	-	4,290	3,021	1,608
Other	2,863	8,616	12,471	-	-	-	2,863	8,616	12,471
Total	\$ 1,259,331	\$ 1,183,038	\$ 1,182,988	\$ 24,000	\$ 29,000	\$ 44,000	\$ 1,283,331	\$ 1,212,038	\$ 1,226,988



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

November 19, 2009
Board of Trustees
Youngstown Central Area Community Improvement Corporation
Youngstown, Ohio

We have audited the financial statements of Youngstown Central Area Community Improvement Corporation as of and for the years ended June 30, 2003, 2002, and 2001, and have issued our report thereon dated November 19, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Youngstown Central Area Community Improvement Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Youngstown Central Area Community Improvement Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combinations of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Youngstown Central Area Community Improvement Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Youngstown Central Area Community Improvement Corporation in a separate letter dated November 19, 2009.

This report is intended solely for the information and use of management, audit committee, others within the entity and Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

BODINE PERRY, LLC
Certified Public Accountants and Business Analysts

Canfield, OH

**The Youngstown Central Area
Community Improvement Corporation**

Schedule of Findings and Questioned Costs

Years Ended June 30, 2003, 2002, and 2001

Findings

There were no audit findings, during the 2003, 2002, and 2001 fiscal years.

**The Youngstown Central Area
Community Improvement Corporation**

Summary Schedule of Prior Audit Findings

Years Ended June 30, 2003, 2002, and 2001

Findings

There were no audit findings, during the 2000 fiscal year.



Mary Taylor, CPA
Auditor of State

YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION

MAHONING 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
MAY 25, 2010**