

FINANCIAL STATEMENTS

**OXFORD COMMUNITY
IMPROVEMENT CORPORATION**

For the Years Ended
June 30, 2002, 2001 and 2000
With Report of Independent Auditors

FLYNN & COMPANY PSC, INC.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Oxford Community Improvement Corporation
101 East High Street
Oxford, Ohio 45056

We have reviewed the Independent Auditor's Report of the Oxford Community Improvement Corporation, Butler County, prepared by Flynn & Company PSC, for the audit period July 1, 1999 through June 30, 2002. 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 Oxford 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

November 14, 2002

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OXFORD COMMUNITY IMPROVEMENT CORPORATION

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2002, 2001 and 2000

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Independent Auditors' Report

To the Board of Trustees
Oxford Community Improvement Corporation
Oxford, Ohio

We have audited the accompanying statements of financial position of Oxford Community Improvement Corporation (a nonprofit corporation) as of June 30, 2002, 2001 & 2000, 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 an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 audits provide 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 Oxford Community Improvement Corporation as of June 30, 2002, 2001 & 2000 and the results of its operations 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 issued our report dated August 26, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Flynn & Company PSC, Inc.

West Chester, Ohio

August 26, 2002

Except for Note 6 dated October 14, 2002

Oxford Community Improvement Corporation
 Statements of Financial Position
 As of June 30, 2002, 2001 and 2000

	2002	2001	2000
Assets			
Current Assets			
Cash and cash equivalents	\$ -	\$ 66,098	\$ 77,850
Total current assets	-	66,098	77,850
Property and Equipment (Note 1)			
Furniture and equipment	-	3,315	3,315
Less accumulated depreciation	-	(1,205)	(580)
Total property and equipment	-	2,110	2,735
Other Assets			
Workers' compensation deposit	-	71	71
Total Assets	\$ -	\$ 68,279	\$ 80,656
 Liabilities and Net Assets			
Current Liabilities			
Accrued expenses	\$ -	\$ 430	\$ 3,370
Accrued payroll and related expenses	-	5,321	7,529
Deferred revenue (Note 1)	-	37,500	37,500
Total current liabilities	-	43,251	48,399
Net Assets			
Unrestricted net assets	-	25,028	32,257
Total net assets	-	25,028	32,257
Total Liabilities and Net Assets	\$ -	\$ 68,279	\$ 80,656

See accompanying notes to financial statements

Oxford Community Improvement Corporation
 Statements of Activities
 For the Years Ending June 30, 2002, 2001 and 2000

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenue			
Membership fees (Note 2)	\$ 91,075	\$ 89,325	\$ 91,035
Other income	473	1,704	2,193
Total revenue	91,548	91,029	93,228
Expenses			
Salary	55,479	72,711	73,050
Simple IRA match (Note 4)	1,703	2,245	2,153
Payroll taxes	4,651	5,972	6,371
Auto expense	-	-	212
Rent (Note 3)	3,960	3,440	2,317
Utilities	25	-	799
Telephone	2,133	1,995	2,207
Marketing and advertising	2,454	5,751	4,662
Professional fees	6,488	2,130	2,170
Office supplies	649	1,663	1,467
Computer fees	-	-	355
Postage and delivery	168	239	79
Printing and reproduction	-	-	56
Seminar expense	80	15	3,218
Meals and entertainment	-	49	166
Depreciation	573	625	580
Insurance	141	203	-
Annual meeting	335	-	-
Bank charges	614	299	-
Dues and subscriptions	187	759	401
Miscellaneous	754	162	286
Total Expenses	80,394	98,258	100,549
Change in Net Assets	11,154	(7,229)	(7,321)
Net Assets, Beginning of Year	25,028	32,257	77,078
Prior Period Adjustment (Note 6)	-	-	(37,500)
Transfer of Net Assets to City of Oxford	(36,182)	-	-
Net Assets, End of Year	<u>\$ -</u>	<u>\$ 25,028</u>	<u>\$ 32,257</u>

See accompanying notes to financial statements

Oxford Community Improvement Corporation
Statements of Cash Flows
For the Years Ending June 30, 2002, 2001 and 2000

	2002	2001	2000
Cash Flows from Operating Activities:			
Change in net assets	\$ 11,154	\$ (7,229)	\$ (7,321)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities			
Depreciation	573	625	580
Increase in workers' compensation deposit	-	-	(71)
Increase (decrease) in accrued expenses	2,790	(2,940)	1,143
Increase (decrease) in accrued payroll and related expenses	(5,321)	(2,208)	7,529
Transfer of cash to City of Oxford upon termination of Corporation (Note 5)	(75,294)	-	-
Net cash provided by (used in) operating activities	(66,098)	(11,752)	1,860
Cash flows from investing activities			
Purchase of furniture and equipment	-	-	(3,315)
Net cash used in investing activities	-	-	(3,315)
Decrease in cash and cash equivalents	(66,098)	(11,752)	(1,455)
Cash and cash equivalents, beginning of year	66,098	77,850	79,305
Cash and cash equivalents, end of year	\$ -	\$ 66,098	\$ 77,850
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for:			
Interest	\$ -	\$ -	\$ -
Income taxes	\$ -	\$ -	\$ -

See accompanying notes to financial statements

Oxford Community Improvement Corporation
Notes to Financial Statements
For the years ended June 30, 2002, 2001 and 2000

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The Oxford Community Improvement Corporation (the Corporation) is an independent, non-profit corporation which was created to advance, promote and encourage economic, industrial, commercial and civic development in the City of Oxford and Oxford Township, Ohio.

Summary of Significant Accounting Policies

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to nongovernmental nonprofit organizations. Accordingly, the Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Corporation 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 Corporation is required to present a statement of cash flows. The Corporation does not have any temporarily restricted net assets or permanently restricted net assets in any of the years presented.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents includes cash and interest-bearing deposits with original maturities of less than 90 days.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful life of the asset.

Oxford Community Improvement Corporation
Notes to Financial Statements
For the years ended June 30, 2002, 2001 and 2000

1. Nature of Activities and Significant Accounting Policies (Continued)

Deferred Revenue

The corporation is funded by the City of Oxford and Miami University on a calendar year basis. Deferred revenue at June 30, 2001 and 2000 relates to the portion of funding received from the City of Oxford and Miami University during the fiscal year which related to periods after the fiscal year end.

Advertising

Advertising costs are charged to expense when incurred.

Income Tax Status

The Corporation was organized in the manner provided for in Section 1724.10 of the Ohio Revised Code. The Corporation is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and is not considered a private foundation under Section 509(a)(2).

2. Financial Support

The Corporation is funded by sponsorships from the City of Oxford, Miami University, Oxford Township and memberships from local businesses. As discussed in Note 1, the funding from the City of Oxford and Miami University is on a calendar year basis. For the calendar years 2002, 2001 and 2000, the Corporation received \$75,000, \$50,000 and \$50,000, respectively from the City of Oxford. After adjusting for deferred revenue, the amounts included in membership fees income for the fiscal years ended June 30, 2002, 2001 and 2000 were \$62,500, \$50,000 and \$50,000, respectively. This represents 68.6%, 56.0% and 54.9% of total membership fees income in the years ended June 30, 2002, 2001 and 2000, respectively.

For the calendar years 2001 and 2000, the Corporation received \$25,000 from Miami University. The Corporation also received \$12,500 for the period from January 1, 2002 through June 30, 2002. After adjusting for deferred revenue, \$25,000 was included in membership fees income for the years ended June 30, 2002, 2001 and 2000. This represents 27.5%, 28.0% and 27.4% of total membership fees income in the years ended June 30, 2002, 2001 and 2000, respectively.

Oxford Community Improvement Corporation
Notes to Financial Statements
For the years ended June 30, 2002, 2001 and 2000

3. Lease commitment

In November, the Corporation entered into a two-year lease for office space. The monthly lease payment is \$330. The lease is renewable for another two-year term with a rent increase not to exceed 3% per year. Rent expense under this lease was \$3,960 in the year ended June 30, 2002 and \$2,640 in the year ended June 30, 2001. The remaining lease commitment at June 30, 2002 is \$1,320.

4. Pension

The Corporation contributes to a SIMPLE IRA on behalf of its employees. The Corporation made a 3% matching contribution in 2002, 2001 and 2000 respectively. Total contributions to the SIMPLE IRA for 2002, 2001 and 2000 were \$1,703, \$2,245 and \$2,153, respectively.

5. Transfer of Assets

Effective June 14, 2002, the remaining cash and other assets and liabilities of Oxford Community Improvement Corporation were transferred to the City of Oxford. The City of Oxford agreed to accept all remaining cash and other assets and pay out all remaining liabilities of the Oxford Community Improvement Corporation including the remaining lease commitments under the lease discussed in Note 3. above and any other outstanding commitments and contingencies.

6. Prior Period Adjustment

During 2002, the Corporation determined that deferred income should be reported for the portion of funding received from the City of Oxford and Miami University relating to periods after the fiscal year end. The net asset balance at June 30, 1999 has been restated to reflect this adjustment.

The effect of the restatement was to decrease both the change in net assets for the fiscal year ended June 30, 1999 and net assets at June 30, 1999 by \$37,500.

7. Subsequent Event

In September 2002, the City of Oxford transferred \$450,000 to the Corporation as a pass-through of development funds which will be provided as a loan to a business which is planning to build a building and establish a business in Oxford. The Corporation opened a new bank account for these funds on September 27, 2002.

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Oxford Community Improvement Corporation
30 West Park Place, 2nd Floor
Oxford, Ohio 45056

To the Board of Trustees:

We have audited the accompanying statement of financial position of the Oxford Community Improvement Corporation (a nonprofit organization) as of June 30, 2002, 2001 and 2000, and the related statements of activities for the years then ended, and have issued our report thereon dated August 26, 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Corporation'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 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 Corporation'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.

This report is intended for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Flynn & Company PSC, Inc.
August 26, 2002



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OFFICE OF THE AUDITOR

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OXFORD COMMUNITY IMPROVEMENT CORPORATION

BUTLER 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
NOVEMBER 26, 2002**