



**YOUNGSTOWN CENTRAL AREA
COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED JUNE 30, 2021 - 2020**

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Youngstown Central Area Community Improvement Corporation
242 W. Federal St. Ste 304
Youngstown, OH 44503

We have reviewed the *Independent Auditor's Report* of the Youngstown Central Area Community Improvement Corporation, Mahoning County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2020 through June 30, 2021. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 02, 2022

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**YOUNGSTOWN CENTRAL AREA
COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

December 24, 2021

Youngstown Central Area Community Improvement Corporation
Mahoning County
242 Federal Plaza West, Ste. 304
Youngstown, Ohio 44503

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Youngstown Central Area Community Improvement Corporation**, Mahoning County, Ohio (the Corporation) (a not-for-profit organization), which comprise the statements of financial position, as of June 30, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngstown Central Area Community Improvement Corporation, Mahoning County as of June 30, 2021, and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 could impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,085,841	\$ 774,964
State of Ohio DAS Ohio Center Project Trust Fund	790,540	908,016
Accounts Receivable	203,125	126,389
Prepaid Expenses	34,145	19,159
TOTAL CURRENT ASSETS	2,113,651	1,828,528
CAPITAL ASSETS		
Land	1,616,962	1,616,962
Land Improvements	46,121	46,121
Buildings	11,742,198	11,742,198
Building Improvements	755,355	740,980
Furniture, Fixtures and Equipment	31,491	31,491
Less: Accumulated Depreciation	(8,345,094)	(7,928,510)
NET CAPITAL ASSETS	5,847,033	6,249,242
OTHER ASSETS		
Note Receivable	50,000	50,000
TOTAL OTHER ASSETS	50,000	50,000
TOTAL ASSETS	\$ 8,010,684	\$ 8,127,770
CURRENT LIABILITIES		
Accounts Payable	\$ 96,219	\$ 75,242
Bonds Payable	335,000	320,000
Accrued Payroll and Withholdings	3,251	11,379
Accrued Bond Interest	73,676	81,009
Accrued Real Estate Taxes	1,208	9
Unearned Rent	1,838,652	1,969,985
TOTAL CURRENT LIABILITIES	2,348,006	2,457,624
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion and Unamortized Bond Discount of \$24,792 and \$31,100 and Deferred Bond Issue Costs of \$46,948 and \$53,655 in 2021 and 2020, respectively	2,808,260	3,130,245
Operating Deposit	50,000	50,000
TOTAL LONG TERM LIABILITIES	2,858,260	3,180,245
TOTAL LIABILITIES	5,206,266	5,637,869
NET ASSETS		
Without Donor Restriction	2,804,418	2,489,901
TOTAL NET ASSETS	2,804,418	2,489,901
TOTAL LIABILITIES AND NET ASSETS	\$ 8,010,684	\$ 8,127,770

The accompanying notes to the financial statements are an integral part of this statement.

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION:		
REVENUES AND OTHER SUPPORT		
Rental Income	\$ 1,227,517	\$ 1,252,652
Building Maintenance Income	443,106	458,362
Interest Income	2,253	5,667
Gain on Sale of Property	129,000	-
Other	19,244	1,779
TOTAL REVENUES AND OTHER SUPPORT	1,821,120	1,718,460
EXPENSES		
Program	1,435,672	1,469,672
General and Administrative	70,931	57,649
TOTAL EXPENSES	1,506,603	1,527,321
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	314,517	191,139
NET ASSETS WITHOUT DONOR RESTRICTION, BEGINNING OF YEAR	2,489,901	2,298,762
NET ASSETS WITHOUT DONOR RESTRICTION, END OF YEAR	\$ 2,804,418	\$ 2,489,901

The accompanying notes to the financial statements are an integral part of this statement.

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	Program		General and Administrative		Totals	
	2021	2020	2021	2020	2021	2020
EXPENSES						
Depreciation	\$ 415,703	\$ 414,133	\$ 882	\$ 881	\$ 416,585	\$ 415,014
Payroll and Payroll Taxes	71,549	57,561	7,950	6,395	79,499	63,956
Legal and Professional	9,822	7,501	53,351	41,804	63,173	49,305
Office	8,953	9,570	3,718	3,113	12,671	12,683
Occupancy and Maintenance	748,963	785,922	4,830	4,832	753,793	790,754
Bond Amortization	174,432	190,400	-	-	174,432	190,400
Real Estate Taxes	3,750	2,085	-	-	3,750	2,085
Other	2,500	2,500	200	624	2,700	3,124
TOTAL EXPENSES	\$ 1,435,672	\$ 1,469,672	\$ 70,931	\$ 57,649	\$ 1,506,603	\$ 1,527,321

The accompanying notes to the financial statements are an integral part of this statement.

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 314,517	\$ 191,139
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	416,585	415,014
Amortization of Bond Issue Costs	6,707	6,707
Amortization of Original Issue Discount on Bonds	6,308	6,308
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(76,736)	10,447
Prepaid Expenses	(14,986)	24,611
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	20,977	(24,244)
Accrued Payroll and Withholdings	(8,128)	8,421
Accrued Bond Interest	(7,333)	(6,990)
Accrued Real Estate Taxes	1,199	(9)
Unearned Rent	(131,333)	(135,175)
Net Cash Flows Provided by Operating Activities	527,777	496,229
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Bonds Payable	(320,000)	(305,000)
Net Cash Flows (Used In) Financing Activities	(320,000)	(305,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Capital Assets	(14,375)	(12,999)
(Increase) Decrease in State of Ohio DASOCP Trust Fund	117,475	(6,248)
Net Cash Provided By (Used In) Investing Activities	103,100	(19,247)
Net Change in Cash and Cash Equivalents	310,877	171,982
Cash and Cash Equivalents, Beginning of Year	774,964	602,982
Cash and Cash Equivalents, End of Year	\$ 1,085,841	\$ 774,964
SUPPLEMENTARY INFORMATION		
Cash Paid for Interest	\$ 174,432	\$ 190,400

The accompanying notes to the financial statements are an integral part of this statement.

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

1. NATURE OF BUSINESS

The Youngstown Central Area Community Improvement Corporation (the "Corporation") is a nonprofit community improvement organization which was formed on April 25, 1988, with the primary purpose of promoting industrial and economic development within the central area of the City of Youngstown.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Corporation has prepared its financial statements on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

B. Financial Statement Presentation

The Corporation has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) No. 958-210, *Presentation of Financial Statements*. Under ASC 958-210, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Corporation has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Net assets with voluntary designations by the governing board of the organization are considered to be without donor restrictions under the guidelines of FASB ASC 958-205-45-2.

C. Cash and Cash Equivalents

The Corporation maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Corporation's deposits may at times exceed the insured limit.

D. Investments

The Corporation accounts for its investments in marketable securities at their stated fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Accounts Receivable and Accrued Receivables

Accounts receivable and accrued receivables are stated at the amount management expects to collect from balances outstanding at year-end. The potential risk is limited to the amount recorded in the financial statements. Receivables are written off when they are determined to be uncollectible. Based on management's assessment of the credit history with organizations having outstanding balances, it has concluded that all receivables at June 30, 2021 and 2020 are collectible.

F. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items by using the consumption method.

G. Capital Assets

Property and equipment purchased and real estate given by or transferred from the City of Youngstown to the Corporation are recorded at cost. Donated assets are recorded at fair market value at the date of the gift. No formal appraisal has been done on the donated properties and no reasonable method has been available to value the property.

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

H. Contract Obligations

Certain payments received, such as insurance proceeds and tenant renovations, are deferred and are not recognized as revenue until damages have been repaired or renovations have been completed.

I. Unearned Rent

The Corporation has a rent agreement with the County of Mahoning for the 7th District Court of Appeals (COA) for a 30-year period. The COA has the option to purchase the building for \$1 at anytime during the lease period. Rent was prepaid in 2006. The rent will be recognized over the period of the agreement. Rental income received during the years ended June 30, 2021 and 2020 was \$131,332 per year.

J. Operating Deposit

The Corporation has a five (5) year agreement with the County of Mahoning for the operation and maintenance of the Children Services Board Building, wherein the County provided a one-time deposit of \$50,000 to assist with cash flow issues. In the event the agreement is terminated, the Corporation will return the deposit to the County or the deposit will be applied to the final payment due from the County. The agreement is in effect from January 1, 2018 to December 31, 2022.

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Program Services

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

L. Restriction Policy

The Corporation has no donor-imposed restrictions which need to be classified as net assets with donor restriction.

Net assets with voluntary designations by the governing board are considered to be without donor restriction under the guidelines of FASB ASC 958-205-45-2. The Corporation has funds designated for the purpose of transactions related to the construction and rental of the Voinovich Center. These funds are shown on the Statement of Financial Position under the description of "State of Ohio DAS Ohio Center Project Trust Fund".

M. Functional Allocation of Expenses

The costs of providing the program and related activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

N. 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 disclosures. Actual results could differ from those estimates.

O. Federal Income Taxes

The Corporation is a nonprofit organization and is exempt from federal income taxes under section 501 (c)(3) of the Internal Revenue Code. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

Accounting principles generally accepted in the United States require management to evaluate tax positions taken by the Corporation and recognize a tax liability (or asset) if the Corporation has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Corporation, and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Corporation's Federal Return of Organization Exempt from Income Tax (federal Form 990) for 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets, at year end:		
Cash and Cash Equivalents	\$ 1,085,841	\$ 774,964
State of Ohio DAS Ohio Center Project Trust Fund	790,540	908,016
Accounts Receivable	203,125	126,389
Note Receivable	50,000	50,000
Subtotal Financial assets, at year end	<u>2,129,506</u>	<u>1,859,369</u>
Less those unavailable for general expenditure within one year due to:		
Note Receivable	(50,000)	(50,000)
Board-designated Savings Account for capital improvements of the Voinovich Center	(636,090)	(404,131)
Board-designated Trust Fund for construction and rental of the Voinovich Center	<u>(790,540)</u>	<u>(908,016)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 652,876</u>	<u>\$ 497,222</u>

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash and Cash Equivalents are held in checking, business checking, and business money market accounts. Investments are held in trust accounts. Financial assets that are subject to restriction make them unavailable for general expenditure within one year of the statement of financial position date. As of June 30, 2021, the Corporation did not have any financial assets subject to donor restriction.

3. CASH AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2021 and 2020. The carrying amount of the Corporation's cash was \$1,085,841 and \$774,964 at June 30, 2021 and 2020. The bank balance at June 30, 2021 and 2020 was \$1,204,394 and \$787,298 respectively. The Corporation's investment balance at June 30, 2021 and 2020 was \$790,540 and \$908,016 respectively. The Corporation's petty cash balance at June 30, 2021 and 2020 was \$100.

4. STATE OF OHIO DAS OHIO CENTER PROJECT TRUST FUND

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1 Fair Value Measurements

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

4. STATE OF OHIO DAS OHIO CENTER PROJECT TRUST FUND (CONTINUED)

Level 2 Fair Value Measurements

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are delivered principally from or corroborated by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements

Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable measurements.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

The investments of the Corporation are valued at the closing price reported in the active markets in which they are traded.

The preceding method described may produce fair value calculations that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Corporation believes its valuation is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value could result in a different fair value measurement at the reporting date.

Cost and fair value of U.S. Treasury Money Market accounts, within the fair value hierarchy, at June 30, 2021 and 2020 are as follows:

	2021		2020	
	Quoted Prices in Active Markets for Identical Assets (Level 1) Fair Market Value	Cost	Quoted Prices in Active Markets for Identical Assets (Level 1) Fair Market Value	Cost
U.S. Treasury Money Market	\$ 790,540	\$ 790,540	\$ 908,016	\$ 908,016

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

5. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2021 consisted of the following:

Capital Assets Non-Depreciable:				
Land	\$ 1,616,962	\$ -	\$ -	\$ 1,616,962
Total Non-Depreciable Capital Assets	<u>1,616,962</u>	<u>-</u>	<u>-</u>	<u>1,616,962</u>
Capital Assets Being Depreciated:				
Land Improvements	46,121	-	-	46,121
Buildings	11,742,198	-	-	11,742,198
Building Improvements	740,980	14,375	-	755,355
Furniture and Equipment	31,491	-	-	31,491
Total Capital Assets Being Depreciated	<u>12,560,790</u>	<u>14,375</u>	<u>-</u>	<u>12,575,165</u>
Less Accumulated Depreciation:				
Land Improvements	(28,390)	(2,489)	-	(30,879)
Buildings	(7,371,527)	(391,407)	-	(7,762,934)
Building Improvements	(511,301)	(18,434)	-	(529,735)
Furniture and Equipment	(17,292)	(4,254)	-	(21,546)
Total Accumulated Depreciation	<u>(7,928,510)</u>	<u>(416,584)</u>	<u>-</u>	<u>(8,345,094)</u>
Capital Assets, Net of Depreciation	<u>\$ 6,249,242</u>	<u>\$ (402,209)</u>	<u>\$ -</u>	<u>\$ 5,847,033</u>

Changes in capital assets for the year ended June 30, 2020 consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Non-Depreciable:				
Land	\$ 1,616,962	\$ -	\$ -	\$ 1,616,962
Total Non-Depreciable Capital Assets	<u>1,616,962</u>	<u>-</u>	<u>-</u>	<u>1,616,962</u>
Capital Assets Being Depreciated:				
Land Improvements	46,121	-	-	46,121
Buildings	11,742,198	-	-	11,742,198
Building Improvements	735,557	5,424	-	740,981
Furniture and Equipment	23,915	7,575	-	31,490
Total Capital Assets Being Depreciated	<u>12,547,791</u>	<u>12,999</u>	<u>-</u>	<u>12,560,790</u>
Less Accumulated Depreciation:				
Land Improvements	(25,900)	(2,489)	-	(28,389)
Buildings	(6,980,121)	(391,407)	-	(7,371,528)
Building Improvements	(494,320)	(16,981)	-	(511,301)
Furniture and Equipment	(13,154)	(4,138)	-	(17,292)
Total Accumulated Depreciation	<u>(7,513,495)</u>	<u>(415,015)</u>	<u>-</u>	<u>(7,928,510)</u>
Capital Assets, Net of Depreciation	<u>\$ 6,651,258</u>	<u>\$ (402,016)</u>	<u>\$ -</u>	<u>\$ 6,249,242</u>

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

6. LONG TERM DEBT

Long-term debt consisted of the following:

	June 30, 2021	June 30, 2020
Bond obligations, interest rates from 4.05% to 5.10%, due at various dates until 2028	\$ 3,215,000	\$ 3,535,000
Less: Unamortized Discount	(24,792)	(31,100)
Less: Deferred Bond Issue Costs	(46,948)	(53,655)
Less: Current Portion	(335,000)	(320,000)
Net Long-Term Debt	\$ 2,808,260	\$ 3,130,245

Amortization of future debt payments is scheduled as follows:

Year Ending June 30:	Amount
2022	\$ 335,000
2023	355,000
2024	370,000
2025	390,000
2026	410,000
Thereafter	1,355,000
Total	\$ 3,215,000

7. LINE OF CREDIT

The Corporation entered into a line of credit with a local bank on April 4, 2018. The line of credit is secured with a first lien and security interest in the Corporation's accounts, chattel paper, general intangibles, inventory, equipment, and documents acquired with the proceeds. No assets of the Corporation are pledged. The line of credit has a maximum principal of \$125,000 and bears interest at the Wall Street Journal prime rate or any successor publication applicable rate. The balance on the line of credit was \$0 as of June 30, 2021 and 2020.

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

8. RENTALS UNDER OPERATING LEASES

The Corporation is the lessor of office space under operating leases with the State of Ohio with renewal options extending through June 30, 2029. The State of Ohio is able to exercise its option to purchase the building for \$1 at any time after the certificates of participation have been completed pursuant to the provisions of the trust agreement. Management expects these leases will be renewed. Including renewals, minimum future rentals to be received on these noncancelable leases as of June 30, 2021 for each of the next five years and in the aggregate are:

Year Ending June 30:	Amount
2022	\$ 1,052,500
2023	1,052,500
2024	1,084,107
2025	1,084,107
2026	1,116,604
Thereafter	3,416,631
Total Minimum Future Rentals	\$ 8,806,449

The following is a summary of office space held for lease:

	June 30, 2021	June 30, 2020
Building	\$ 7,802,229	\$ 7,802,229
Less: Accumulated Depreciation	(5,661,617)	(5,401,543)
Net Book Value	\$ 2,140,612	\$ 2,400,686

9. BOARD DESIGNATED NET ASSETS

Net assets without donor restriction consist of assets available for operating purposes and amounts designated by the Board of Trustees for a specific purpose. The board designated net assets are comprised of the following:

	2021	2020
Without donor restriction:		
Designated by the Board for:		
Savings Account for capital purchases and improvements	\$ 636,090	\$ 404,131
Trust Fund for construction and rental of the Voinovich Center	790,540	908,016
Undesignated	1,377,788	1,177,754
Net assets	\$ 2,804,418	\$ 2,489,901

**YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

10. FUNCTIONAL EXPENSES

Expenses of the Corporation are categorized by functional classification as follows:

	2021	2020
Program	\$ 1,435,672	\$ 1,469,672
General and Administrative	70,931	57,649
	\$ 1,506,603	\$ 1,527,321

Program expenses are those incurred by the Corporation while serving its purpose, promoting industrial and economic development within the central area of the City of Youngstown. The remaining expenses that relate to the overall direction of the Corporation and are not identifiable with a particular program have been reported as management and general.

11. COVID-19

Management is currently evaluating the impact of the COVID-19 pandemic on its operations and has concluded that while it is reasonably possible that the pandemic could have a negative effect on the Corporation's financial position and/or the results of its operations, any impact, which is not expected to be material, is not readily determinable as of the date of these financial statements. Therefore, the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

12. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events and transactions that occurred after the date of the statement of net position up to the date that the financial statements were issued. No events have occurred subsequent to the date of the financial statements through the report date that would require adjustment or disclosure in the financial statements.

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

December 24, 2021

Youngstown Central Area Community Improvement Corporation
Mahoning County
242 Federal Plaza West, Ste. 304
Youngstown, Ohio 44503

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Youngstown Central Area Community Improvement Corporation**, Mahoning County, (the Corporation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 24, 2021, wherein we noted the financial impact of COVID-19 could impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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 financial statements. However, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**YOUNGSTOWN CENTRAL AREA
COMMUNITY IMPROVEMENT CORPORATION
MAHONING COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Corporation and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Corporation's annual financial report were noted:

- An error was made in the year-end adjusting journal entry to record the activity of the investment accounts, resulting in an overstatement of Rental Income and Bond Amortization Expense;
- The cash reconciliation included an outstanding check which was written to transfer funds from the Checking to the Investment account. Due to timing, it did not clear the investment account in Fiscal Year 2021 and the year-end adjusting journal entry did not record the correct amount of Rental Income. As a result, Rental Income and Cash and Cash Equivalents were understated; and
- Expenditures for cleaning of the Government Center were mistakenly netted against Building Maintenance Income, resulting in an understatement of Building Maintenance Income and Occupancy and Maintenance Expense.

Not posting year-end adjusting entries accurately resulted in the financial statements requiring the above noted adjustments. The financial statements reflect all adjustments, and the Corporation has posted all adjustments to its accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

Officials' Response – We did not receive a response from Officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/15/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov