

WAYNESVILLE INDUSTRY & COMMERCE CORPORATION

FINANCIAL STATEMENTS

Years Ended December 31, 2001 and 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Waynesville Industry & Commerce Corporation
9754 North Cincinnati-Columbus Road
Waynesville, Ohio 45068

We have reviewed the Independent Auditor's Report of the Waynesville Industry & Commerce Corporation, Warren County, prepared by Vanessa Blevins, CPA, for the audit period January 1, 2000 through December 31, 2001. 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 Waynesville Industry & Commerce 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

July 17, 2002

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WAYNESVILLE INDUSTRY & COMMERCE CORPORATION

JANUARY 1, 2000 TO DECEMBER 31, 2001

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VANESSA L. BLEVINS
CERTIFIED PUBLIC ACCOUNTANT

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REPORT OF INDEPENDENT AUDITORS

Waynesville Industry & Commerce Corporation
9754 North Cincinnati-Columbus Road
Waynesville, Ohio 45068

To the Board of Trustees:

We have audited the accompanying statement of financial position of the Waynesville Industry & Commerce Corporation (a nonprofit organization) as of December 31, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my 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 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 Waynesville Industry & Commerce Corporation as of December 31, 2001 and 2000 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Corporation will continue as a going concern. As described in Note C the Corporation has been experiencing significant financial difficulties and there is a substantial doubt regarding the Corporation's ability to continue as a going concern. Management has not presented plans in regard to these matters. The financial statements do not include any adjustments that might result from the outcome of the uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2002, on our consideration of the Organization'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 *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Vanessa L. Blevins, CPA

June 8, 2002

WAYNESVILLE INDUSTRY AND COMMERCE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2001 AND 2000

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,653.38	\$ 633.44
Accounts receivable	-	-
TOTAL CURRENT ASSETS	10,653.38	633.44
FIXED ASSETS	3,539.42	6,923.71
TOTAL ASSETS	\$ 14,192.80	\$ 7,557.15
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 434.14	20,797.76
TOTAL CURRENT LIABILITIES	434.14	20,797.76
LONG-TERM LIABILITIES		
Notes payable	327,878.08	126,289.43
Accrued interest	21,344.25	2,122.69
TOTAL LONG-TERM LIABILITIES	349,222.33	128,412.12
TOTAL LIABILITIES	349,656.47	149,209.88
 NET ASSETS		
Unrestricted	(335,463.67)	(141,652.73)
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	(335,463.67)	(141,652.73)
TOTAL LIABILITIES AND NET ASSETS	\$ 14,192.80	\$ 7,557.15

See accompanying notes and accountant's report.

WAYNESVILLE INDUSTRY AND COMMERCE CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
UNRESTRICTED NET ASSETS		
SUPPORT		
Public support	\$ 6,600.00	\$ -
Advertising income	4,590.00	-
Reimbursements	382.20	35.74
Gain on sale of land	360.75	-
TOTAL UNRESTRICTED SUPPORT	11,932.95	35.74
 EXPENSES		
Donations	-	100.00
Dues	731.17	3,822.77
Engineering	51,143.08	37,932.69
Travel	2,011.61	-
Insurance	2,000.00	2,000.00
Interest	19,721.56	2,122.69
Depreciation	1,747.04	223.25
Marketing	8,420.60	17,013.15
Office expense	4,656.04	1,250.63
Permits	2,013.80	1,000.00
Printing	4,339.34	750.60
Professional fees	35,009.94	12,856.48
Salaries and benefits reimbursements	55,021.99	25,112.53
Security	-	708.22
Telephone	2,602.47	1,628.22
Utilities	1,482.43	-
Legal fees	11,706.82	2,100.00
Conference registration	1,066.00	350.00
Accounting	2,070.00	-
	205,743.89	108,971.23
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(193,810.94)	(108,935.49)
 INCREASE IN NET ASSETS	 (193,810.94)	 (108,935.49)
NET ASSETS, beginning of year	(141,652.73)	(32,717.24)
 NET ASSETS, end of year	\$(335,463.67)	\$(141,652.73)

See accompanying notes and accountant's report.

WAYNESVILLE INDUSTRY AND COMMERCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets (deficit)	\$ (193,810.94)	\$ (108,935.49)
Adjustments to reconcile changes in net assets (deficit) to cash provided by operating activities:		
Depreciation	1747.04	223.25
Gain on sale of assets	(360.75)	-
Changes in operating assets and liabilities:		
Decrease in accounts payable	<u>(62,998.60)</u>	<u>20,797.76</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(255,423.25)</u>	<u>(87,914.48)</u>
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchases of equipment	-	(7,146.96)
Proceeds from sale of equipment	<u>1,998.00</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>1,998.00</u>	<u>(7,146.96)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	249,223.63	93,654.77
Payments on loans	(5,000.00)	(986.32)
Accrued interest	<u>19,221.56</u>	<u>2,122.69</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>263,445.19</u>	<u>94,791.14</u>
NET INCREASE (DECREASE) IN CASH	10,019.94	(270.30)
CASH AT BEGINNING OF YEAR	<u>633.44</u>	<u>903.74</u>
CASH AT END OF YEAR	<u><u>\$ 10,653.38</u></u>	<u><u>\$ 633.44</u></u>

See accompanying notes and accountant's report.

WAYNESVILLE INDUSTRY & COMMERCE CORPORATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

**NOTE A-- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

NATURE OF ACTIVITIES

The Waynesville Industry & Commerce Corporation (CIC) was organized on March 3, 1964, and is authorized under Chapter 1724 of the Ohio Revised Code. The CIC is a not-for-profit corporation that exists to advance encourage and promote industrial, economic, commercial and civic development of a community or area.

Per Ohio Rev. Code, Section 1724.10, the Village of Waynesville has designated the CIC as the agent of the Village of Waynesville for the "industrial, commercial, distribution and research development in such political subdivision."

BASIS OF ACCOUNTING

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

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily net assets, and permanently restricted net assets. The CIC has no permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

INCOME TAXES

The CIC is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (6) and Ohio Revised Code Section 1724.01.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value.

NOTE B--- NOTES PAYABLE

Osage Developments, LLC loaned money to the CIC for the purpose of operating the CIC to develop land as an industrial park owned by Osage Developments, LLC. There were four loans dated in 2001 with the following agreements:

WAYNESVILLE INDUSTRY & COMMERCE CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

Interest is to be paid on the unpaid balance at a variable rate of interest equal to the Prime Rate , as adjusted to reflect any change in the Prime Rate. Principal and interest are due as the lender may designate.

<u>Loan #</u>	<u>Dated</u>	<u>Amount</u>
- 1	January 15, 2001	\$ 126,318.64
2	March 20, 2001	134,519.93
3	October 15, 2001	45,253.90
4	October 29, 2001	<u>21,785.61</u>
	Total	<u>\$ 327,878.08</u>

All of the assets of the CIC, including, without limitation, equipment, machinery, furniture, furnishings, materials, supplies, parts, inventory, contract rights, accounts, chattel paper, documents, instruments, and general intangibles; the proceeds from the sale of any of the previously mentioned assets and any additions and substitutions of the previously mentioned assets, whenever acquired and wherever located.

NOTE C—GOING CONCERN

As of the date of this report, the Corporation has broke off discussions with Osage Developments, LLC to purchase the land where development of the industrial park has been started. The Corporation planned to repay the loans from profits earned from the sale of the property in the industrial park. As Osage Developments, LLC and the CIC are no longer negotiating for the sale and purchase of the industrial park land there are no funds or prospect of raising funds to repay the loans to Osage Developments, LLC. This raises substantial doubt that the Corporation has the ability to continue as a going concern.

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

Waynesville Industry & Commerce Corporation
105 North Main Street
Washington Courthouse, Ohio 43160

To the Board of Trustees:

We have audited the accompanying financial statements of the Waynesville Industry & Commerce Corporation (CIC), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 the CIC's financial statements are free of material misstatement, we performed tests of it's 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 our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs .

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Community Improvement 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Community Improvement Corporation in a separate letter dated June 8, 2002.

This report is intended for the information of the board of trustees and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

Vanessa L. Blevins, CPA

June 8, 2002

**WAYNESVILLE INDUSTRY & COMMERCE CORPORATION
SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-10312-001

Noncompliance Citation

Ohio Revised Code Section 1724.05 requires each community improvement corporation to prepare an annual financial report that conforms to rules prescribed by the auditor of state, that is prepared according to generally accepted accounting principles, and that is certified by the board of trustees or treasurer of the corporation. The financial report must be filed with the auditor of state within one hundred twenty days following the last day of the corporation's fiscal year, unless extended by the auditor of state.

A financial report was not filed with the auditor of states' office within one hundred twenty days as required.

The President of the corporation requested the independent accountant that they use give him a list of information that he needed to complete this filing properly. The accountant did not respond and the President failed to follow up.

We recommend that the officers and board of trustees be vigilant in their pursuit of filings required by all governmental agencies.

FINDING NUMBER 2000-10312-002

Ohio Revised Code Section 1702.59 requires every non-profit corporation whose articles are filed with the Secretary of State of Ohio to file a verified statement of continued existence. Failure to file the statement within one year will result in cancellation of the articles of corporation.

The corporation failed to file the statement of continued existence when it was due on August 26, 2001, therefore the corporation has a hold status showing on their articles of incorporation.

The President and Board of Trustees were unaware of this filing requirement. They had not updated the statutory agent on file with the Secretary of State of Ohio's office who received the notification of the required filing.

We recommended that the officers and Board of Trustees file the necessary paperwork to reinstate the corporation and change the statutory agent. They have filed the necessary forms as of the date of this letter.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WAYNESVILLE INDUSTRY AND COMMERCE CORPORATION

WARREN 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
AUGUST 6, 2002**