

**COMMUNITY IMPROVEMENT CORPORATION
OF WILMINGTON**

FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

with

INDEPENDENT AUDITORS' REPORT



**Auditor of State
Betty Montgomery**

Board of Directors
Community Improvement Corporation of Wilmington
145 N. South Street
Wilmington, Ohio 45177

We have reviewed the *Independent Auditor's Report* of the Community Improvement Corporation of Wilmington, Clinton County, prepared by Wagenseller, Foley, Hollingsworth & Co., for the audit period January 1, 2003 to December 31, 2004. 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 Community Improvement Corporation of Wilmington is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

May 23, 2005

This Page is Intentionally Left Blank.

CONTENTS

INDEPENDENT AUDITORS' REPORT

Financial Statements for the years ended December 31, 2004 and 2003:	<u>Exhibit</u>
Statements of Financial Position	A
Statements of Activities and Changes in Net Assets	B
Statements of Cash Flows	C
Notes to Financial Statements	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	

This Page is Intentionally Left Blank.

WAGENSELLER, FOLEY, HOLLINGSWORTH & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Community Improvement Corporation of Wilmington
Wilmington, Ohio 45177

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of Community Improvement Corporation of Wilmington as of December 31, 2004 and 2003, and the related statements of activities and changes in net assets 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 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Improvement Corporation of Wilmington as of December 31, 2004 and 2003, and its activities and changes in net assets and 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 also issued our report dated April 19, 2005, on our consideration of Community Improvement Corporation of Wilmington internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

Wagenseller, Foley, Hollingsworth & Co.

April 19, 2005
Board of Directors

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON Exhibit A
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS		
Cash and equivalents (Note 2)	\$ 156,526	\$ 406,775
Certificates of deposit (Note 3)	<u>130,386</u>	<u>433,182</u>
Total current assets	<u>286,912</u>	<u>839,957</u>
 OTHER ASSETS		
Certificates of deposit (Note 3)	789,175	140,386
Industrial park land and improvements (Notes 4 and 5)	<u>1,106,559</u>	<u>1,136,249</u>
	<u>1,895,734</u>	<u>1,276,635</u>
	<u>\$ 2,182,646</u>	<u>\$ 2,116,592</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 360	\$ 6,279
Accrued payroll and related costs	4,489	4,024
Customer deposit on sale agreement (Note 4)	<u>5,000</u>	<u>-</u>
Total current liabilities	<u>9,849</u>	<u>10,303</u>
 NET ASSETS		
Unrestricted Net Assets - Exhibit B	<u>2,172,797</u>	<u>2,106,289</u>
	<u>\$ 2,182,646</u>	<u>\$ 2,116,592</u>

See Notes to Financial Statements

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON Exhibit B
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
REVENUES:		
Proceeds from the sale of land	\$ 93,582	\$ 87,898
Net rental income	25,721	22,235
Interest income	26,693	25,843
Other	<u>122</u>	<u>-</u>
Total revenues received	<u>146,118</u>	<u>135,976</u>
EXPENSES:		
Carrying value of property sold plus transaction costs	29,690	23,293
Executive director's salary	23,000	20,250
Payroll taxes and fringe benefits	5,277	4,164
Insurance	3,327	3,327
Survey costs	2,701	450
Professional fees	6,910	9,906
Consultants	2,816	1,000
Real estate taxes	1,511	1,567
Conferences and meetings	2,467	3,141
Office supplies and postage	439	461
Telephone	35	402
Payroll services	-	168
Travel expenses	474	432
Other	<u>963</u>	<u>561</u>
Total expenditures paid	<u>79,610</u>	<u>69,122</u>
CHANGE IN NET ASSETS	66,508	66,854
NET ASSETS - January 1	<u>2,106,289</u>	<u>2,039,435</u>
NET ASSETS - December 31	<u><u>\$ 2,172,797</u></u>	<u><u>\$ 2,106,289</u></u>

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON Exhibit C
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 66,508	\$ 66,854
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Carrying value of property sold	29,690	22,530
Effects of change in operating assets and liabilities:		
Decrease in price-later grain receivables	-	3,622
Increase (decrease) in accounts payable	(5,919)	4,790
Increase (decrease) in accrued payroll	465	(509)
Increase (decrease) in customer deposits	<u>5,000</u>	<u>-</u>
Net cash provided by operating activities	<u>95,744</u>	<u>97,287</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Development costs related to industrial park	-	(31,100)
Purchase of certificates of deposit	(689,175)	(172,687)
Proceeds from certificates of deposit	<u>343,182</u>	<u>219,384</u>
Net cash provided by investing activities	<u>(345,993)</u>	<u>15,597</u>
 INCREASE IN CASH AND EQUIVALENTS	 (250,249)	 112,884
 CASH AND EQUIVALENTS - January 1	 <u>406,775</u>	 <u>293,891</u>
 CASH AND EQUIVALENTS - December 31	 <u>\$ 156,526</u>	 <u>\$ 406,775</u>

See Notes to Financial Statements

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Community Improvement Corporation of Wilmington is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management, who are responsible for their integrity and objectivity.

Organization

The Community Improvement Corporation of Wilmington is a not-for-profit organization exempt from income tax under Section 501(c)(6) of the U. S. Internal Revenue Code. The Corporation was formed to cultivate and promote industrial development in the Wilmington, Ohio area.

Financial Statement Presentation

These financial statements have been prepared on the accrual basis of accounting in accordance with Statement of Financial Accounting Standards Number 117 (SFAS 117) *Financial Statements for Not-For-Profit Organizations*. SFAS 117 requires net assets and revenues, expenses, gains and losses to be classified based on the existence or absence of donor-imposed restrictions.

All of the Corporation's assets and revenues are unrestricted.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements, management must make estimates and assumptions. These estimates and assumptions affect the amounts reported for assets, liabilities, revenues and expenses, as well as affecting the disclosures provided. Future results could differ from the current estimates.

Cash and Equivalents

For purposes of the statement of cash flows, the Corporation considers cash on hand and in demand accounts with a maturity of 90 days or less to be cash.

Fair Value of Financial Instruments

The carrying value of time deposits approximates fair market value because of the relatively short maturity of those instruments.

Industrial Park Land and Improvements

Industrial park land and improvements held for resale are stated at cost (average cost method) and depreciation is not recognized.

Expenditures for improvements (water lines, streets, utilities, etc.) are capitalized by spreading the cost of the improvements over all of the land remaining in the unsold land inventory at the date of the expenditure.

Farming Activities

The Corporation participates with local agricultural producers in farming its tillable undeveloped land under multiple year *cash rent* contracts that are subject to competitive bidding.

2. Cash and Equivalents

Cash and equivalents consisted of the following at December 31, 2004 and 2003:

	2004	2003
Interest bearing demand account	\$ 50,330	\$ 42,793
Money market demand account	106,196	363,982
	\$ 156,526	\$ 406,775

See Independent Auditors' Report

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

3. Certificates of deposit

The following is a summary of time deposits held at December 31, 2004 and 2003:

Financial Institution	Maturity Date	Interest Rate	2004 Amount	2003 Amount
National Bank & Trust Company	March 18, 2004	3.94%	\$ -	\$ 90,000
National Bank & Trust Company	July 18, 2004	4.89%	-	11,253
National Bank & Trust Company	August 9, 2004	4.89%	-	11,207
National Bank & Trust Company	March 18, 2005	3.94%	90,000	-
National Bank & Trust Company	March 24, 2005	3.94%	10,386	10,386
National Bank & Trust Company	September 22, 2005	2.23%	30,000	-
National Bank & Trust Company	October 12, 2005	2.73%	20,000	-
National Bank & Trust Company	October 21, 2005	2.73%	11,717	-
National Bank & Trust Company	November 9, 2005	2.76%	11,684	-
National Bank & Trust Company	November 25, 2005	2.73%	40,000	-
National Bank & Trust Company	December 5, 2005	2.73%	38,000	-
National Bank & Trust Company	April 26, 2006	2.73%	10,046	-
National Bank & Trust Company ^w	October 28, 2008	3.21%	80,000	80,000
National Bank & Trust Company ^w	October 28, 2008	3.21%	50,000	50,000
Wilmington Savings Bank	January 23, 2004	2.00%	-	43,497
Wilmington Savings Bank	February 28, 2004	3.56%	-	106,774
Wilmington Savings Bank	August 23, 2004	4.64%	-	59,691
Wilmington Savings Bank	September 24, 2004	4.50%	-	110,760
Wilmington Savings Bank	August 23, 2006	3.00%	62,151	-
Wilmington Savings Bank	September 24, 2006	3.50%	125,620	-
Wilmington Savings Bank	September 27, 2006	3.50%	110,997	-
Wilmington Savings Bank	December 06, 2006	3.05%	25,054	-
Wilmington Savings Bank ^v	January 24, 2007	3.00%	43,551	-
Wilmington Savings Bank ^v	February 28, 2007	3.25%	110,355	-
Wilmington Savings Bank ^v	June 22, 2007	3.20%	50,000	-
Total			919,561	573,568
Less current maturities			130,386	433,182
			<u>\$ 789,175</u>	<u>\$ 140,386</u>

The Corporation's deposits with the National Bank & Trust Company and the Wilmington Savings Bank exceed federally insured limits. The Corporation does not limit the maximum amount that may be invested in any one bank and has not experienced any losses in such accounts.

^w Not subject to early withdrawal penalties. ^v Certificates of deposit with variable interest rates.

See Independent Auditors' Report

COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

4. Sales of Land

The Corporation sold 2.265 acres of land to the owners of Dash Logistics, Inc. for \$40,000 in April of 2003, and sold an additional 2.279 acres of land in November of 2004 for \$25,069. The buyers have erected a large office, warehouse, and operating facility.

During May of 2003 the Corporation sold 2.00 acres of land to the owners of Matthews Wall Anchor Service, Inc. for \$47,000. The buyers constructed a combined office and warehouse facility. Also, during May of 2003, the Corporation transferred approximately 0.392 acres of land to Wilmington Air Park, Inc. to resolve various tax and fencing concerns. The costs of the transfer were paid by Wilmington Air Park, Inc.

The owner of Ironwill Enterprises, Inc. purchased 2.007 acres of land in September of 2004 for \$50,000, and another 1.683 acres of land in December for \$18,513. The owner plans to construct a combined office, operating and warehouse facility on the property.

In December of 2004 the Corporation's Executive Director executed an agreement to sell two tracts of land totaling approximately 36.572 acres to Runway Logistics L.L.C., for \$325,000, and accepted an earnest money deposit of \$5,000.

5. Industrial Park Land and Improvements

During 2003 the Corporation completed a 1,070 extension of the sewer line along Davids Drive at a cost of \$29,100. The construction was completed following City of Wilmington specifications and was approved by the Ohio Environmental Protection Agency.

The Corporation also cleared trees and other shrubbery from the land acquired in March of 2002. The \$2,000 cost of the clearing was capitalized in the Corporation's inventory of land and improvements.

6. Runway Lease

During March of 2003 the Corporation executed a three-year lease agreement with the owner of Runway Logistics L.L.C., for a section of abandoned runway adjacent to lessee's operations. The total lease of price of \$27,000 is payable at the rate of \$750 per month.

7. Cash Farm Lease with Related Party

The Corporation let competitive bids for cash renting roughly 145 acres for agricultural production for the two years ending December 31, 2004. The son in-law of the Corporation's Executive Director offered the high bid of \$117.75 per acre and was awarded the contract on December 15, 2002.

8. Gift of Land

During August of 2004 the Corporation gifted approximately 6.72 acres of wooded stream bank to Wilmington College to become part of the Lytle Creek Greenway. As reported by the Wilmington News Journal of July 30, 2004, the Wilmington Mayor stated, "This project will enhance the quality of life we enjoy in Wilmington."

The Corporation continues to provide the Wilmington College farms with the unfettered use of approximately 13.3 acres of farmland at no cost to the college.

9. Subsequent Events

The sale of 36.572 acres of land to Runway Logistics, L.L.C. was finalized on March 1, 2005.

WAGENSELLER, FOLEY, HOLLINGSWORTH & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Community Improvement Corporation of Wilmington
Wilmington, Ohio 45177

**Independent Auditors' Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

We have audited the financial statements of Community Improvement Corporation of Wilmington, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 19, 2005. We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Community Improvement Corporation of Wilmington'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 of the determination of financial statement amounts. However, providing an opinion of 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 Community Improvement Corporation of Wilmington'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 solely for the information and use of the Board of Directors and the Executive Director, and is not intended to be and should not be used by anyone other than these specified parties.

Wagenseller, Foley, Hollingsworth & Co.

April 19, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**COMMUNITY IMPROVEMENT CORPORATION OF WILMINGTON
CLINTON COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 2, 2005**