

**Youngstown Central Area
Community Improvement Corporation**

AUDIT REPORTS

Years Ended June 30, 2006, 2005, and 2004

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

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

We have reviewed the *Independent Auditors' Report* of the Youngstown Central Area Community Improvement Corporation, Mahoning County, prepared by Bodine Perry, LLC, for the audit period July 1, 2003 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Youngstown Central Area Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

Robert R. Hinkle, CPA
Chief Deputy Auditor

May 11, 2010

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INDEPENDENT AUDITORS' REPORT

November 19, 2009

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

We have audited the accompanying financial statements of Youngstown Central Area Community Improvement Corporation (YCACIC) as of and for the years ended June 30, 2006, 2005, and 2004, as listed in the table of contents. These financial statements are the responsibility of the YCACIC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YCACIC, as of June 30, 2006, 2005, and 2004, and the changes in net assets and revenues, expenditures and other changes, and the cash flows for the years ended June 30, 2006, 2005, and 2004 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2009, on our consideration of YCACIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

BODINE PERRY, LLC
Certified Public Accountants and Business Analysts

Canfield, Ohio

Youngstown Central Area Community Improvement Corporation

Statements of Financial Position

June 30, 2006, 2005, and 2004

ASSETS			
	2006	2005	2004
<u>CURRENT ASSETS</u>			
Cash	\$ 664,172	\$ 611,389	\$ 542,956
Investments	227,347	217,375	4,318
Investments - Designated	754,736	724,704	819,450
Accounts Receivable	18,243	-	60,255
Grant Receivable - For Others	5,748,000	-	-
Accrued Receivables	66,314	6,793	3,842
Prepaid Expenses	2,557	2,442	14,977
Total Current Assets	7,481,369	1,562,703	1,445,798
<u>PROPERTY AND EQUIPMENT</u>			
Building	8,389,929	8,389,929	8,472,920
Building Improvements	439,007	425,778	450,488
Land	2,758,580	2,758,580	2,778,980
Land Improvements	360,395	360,395	351,615
Furniture and Equipment	3,602	1,542	1,542
Construction in Progress	35,036	89,127	17,192
Subtotal	11,986,549	12,025,351	12,072,737
Less: Accumulated Depreciation	(2,583,169)	(2,267,566)	(1,996,607)
Total Property and Equipment	9,403,380	9,757,785	10,076,130
<u>OTHER ASSETS</u>			
Deferred Bond Issue Costs (Net of Accumulated Amortization of Amortization of \$53,655, \$46,948 and \$40,241 in 2006, 2005, and 2004, respectively)	147,551	154,258	160,965
Total Other Assets	147,551	154,258	160,965
TOTAL ASSETS	\$ 17,032,300	\$ 11,474,746	\$ 11,682,893
LIABILITIES AND NET ASSETS			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 132,105	\$ 80,473	\$ 35,569
Bonds Payable, Current Portion	100,000	85,000	85,000
Security Deposits	450	450	1,055
Accrued Bond Interest	141,233	142,966	144,661
Accrued Real Estate Taxes	4,813	6,269	7,160
Accrued Expenses	-	4,125	-
Unearned Rent	20,334	20,334	-
Deferred Grant Revenue	52,198	52,198	58,698
Grant Payable - For Others	5,748,000	-	-
Total Current Liabilities	6,199,133	391,815	332,143
<u>LONG-TERM DEBT</u>			
Bonds Payable, Net of Current Portion and Unamortized Bond Discount of \$119,418, \$125,727, and \$132,035 in 2006, 2005, and 2004, respectively	5,975,582	6,069,273	6,147,965
Total Liabilities	12,174,715	6,461,088	6,480,108
<u>NET ASSETS</u>			
Unrestricted			
Designated	754,736	724,704	819,450
Undesignated	4,102,849	4,288,954	4,383,335
Total Unrestricted Net Assets	4,857,585	5,013,658	5,202,785
TOTAL LIABILITIES AND NET ASSETS	\$ 17,032,300	\$ 11,474,746	\$ 11,682,893

See Independent Auditors' Report and Notes to Financial Statements

Youngstown Central Area Community Improvement Corporation

Statements of Activities

For The Years Ended June 30, 2006, 2005, and 2004

	2006	2005	2004
<i><u>UNRESTRICTED REVENUES AND OTHER SUPPORT</u></i>			
Rental Income	\$ 938,130	\$ 897,516	\$ 973,529
Interest Income	33,631	11,713	3,155
Other	<u>371,912</u>	<u>376,818</u>	<u>113,121</u>
Total Unrestricted Revenues and Other Support	1,343,673	1,286,047	1,089,805
 <i><u>EXPENSES</u></i>			
Program	1,475,746	1,451,174	1,330,564
General and Administrative	24,000	24,000	24,183
Total Expenses	<u>1,499,746</u>	<u>1,475,174</u>	<u>1,354,747</u>
 Decrease in Unrestricted Net Assets	 (156,073)	 (189,127)	 (264,942)
 Unrestricted Net Assets - Beginning of Year	 <u>5,013,658</u>	 <u>5,202,785</u>	 <u>5,467,727</u>
Unrestricted Net Assets - End of Year	<u>\$ 4,857,585</u>	<u>\$ 5,013,658</u>	<u>\$ 5,202,785</u>

Youngstown Central Area Community Improvement Corporation

Statements of Cash Flows

For The Years Ended June 30, 2006, 2005, and 2004

	2006	2005	2004
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Change in net assets	\$ (156,073)	\$ (189,127)	\$ (264,942)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:			
Loss on Sale of Property and Equipment	-	73,932	-
Depreciation	315,603	316,132	320,082
Amortization of Bond Issue Costs	6,707	6,707	6,707
Amortization of Original Issue Discount on Bonds	6,308	6,308	6,308
(Increase) Decrease in Operating Assets			
Accounts Receivable	(18,243)	60,255	27,087
Accrued Receivables	(59,521)	(2,951)	17,007
Prepaid Expenses	(115)	12,535	2,732
Grants Receivable - For Others	(5,748,000)	-	-
Increase (Decrease) in Operating Liabilities			
Accounts Payable	51,632	44,904	7,966
Security Deposits	-	(605)	314
Accrued Bond Interest	(1,733)	(1,695)	(1,380)
Accrued Real Estate Taxes	(1,456)	(891)	57
Accrued Expenses	(4,125)	4,125	-
Unearned Rent	-	20,334	-
Deferred Grant Revenue	-	(6,500)	-
Grants Payable - For Others	5,748,000	-	-
Net Cash Provided By Operating Activities	138,984	343,463	121,938
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payment of Bonds Payable	(85,000)	(85,000)	(70,000)
Net Cash Flows Used In Financing Activities	(85,000)	(85,000)	(70,000)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of Investments	(1,779,359)	(1,498,560)	(1,704,867)
Sale of Investments	1,739,356	1,380,250	1,691,190
Purchase of Property and Equipment	38,803	(93,720)	(18,538)
Sale of Property and Equipment	-	22,000	2,500
Net Cash Used In Investing Activities	(1,200)	(190,030)	(29,715)
Net Increase In Cash	52,784	68,433	22,223
Cash - Beginning of Year	611,389	542,956	520,733
Cash - End of Year	\$ 664,172	\$ 611,389	\$ 542,956
<u>SUPPLEMENTARY INFORMATION</u>			
Cash Paid for Interest	\$ 308,304	\$ 312,082	\$ 315,750

See Independent Auditors' Report and Notes to Financial Statements

The Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements

June 30, 2006, 2005, and 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Youngstown Central Area Community Improvement Corporation (the “Organization”) is a community improvement organization which was formed on April 25, 1988, with the primary purpose of acting as a designated agent of the city of Youngstown, Ohio in promoting industrial and economic development within the central area of the city.

Basis of Accounting

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

Cash and Cash Equivalents

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

Grants and Deferred Revenue

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

Property and Equipment

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

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

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

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

Program Services

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

Restriction Policy

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

The Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements

June 30, 2006, 2005, and 2004

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

Use of Estimates

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure. Actual results could differ from those estimates.

Federal Income Taxes

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

NOTE B – GRANTS

New grants were awarded during 2006 for \$750,000 from Clean Ohio, a grant for \$2,750,000 from the Ohio Board of Regents, \$2,000,000 from the Economic Development Administration, and a grant from the Department of Housing and Urban Development for \$248,000. These grants related to the Taft Technology Center Project. The total unused portion of these grants totaled \$5,748,000 for the year ended June 30, 2006.

NOTE C – INVESTMENTS

Investments are carried at market value as determined by quoted market prices. Investments consist of the following U.S. Treasury Money Market amounts as of June 30, 2006, 2005, and 2004.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cost	\$ 982,083	\$ 942,079	\$ 823,768
Market Value	\$ 982,083	\$ 942,079	\$ 823,768

\$754,736, \$724,704, and \$819,450 of investments were held in Trust at Huntington National Bank in 2006, 2005, and 2004 respectively, for the purpose of satisfying scheduled payments on the bonds.

NOTE D – LONG TERM DEBT

Long-term debt consisted of the following:

	June 30		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Bond obligations, interest rates from 4.05% to 5.0 %, due at various dates until 2028	\$ 6,195,000	\$ 6,280,000	\$ 6,365,000
Less unamortized discount	119,418	125,727	132,035
Less current portion	100,000	85,000	85,000
Net Long-Term Debt	\$ <u>5,975,582</u>	\$ <u>6,069,273</u>	\$ <u>6,147,965</u>

**The Youngstown Central Area
Community Improvement Corporation**

Notes to Financial Statements

June 30, 2006, 2005, and 2004

Year Ending June 30,		Amount
2007	\$	100,000
2008		100,000
2009		120,000
2010		125,000
2011		150,000
Thereafter		5,600,000
	\$	6,195,000

Interest incurred was \$308,304, \$312,082 and \$315,750 for the years ended June 30, 2006, 2005 and 2004, respectively.

NOTE E – RENTALS UNDER OPERATIONAL LEASES

The Organization earned \$53,539, \$45,288, and \$124,838 in 2006, 2005, and 2004 respectively, from the leasing of parking lots and office space to various businesses. These cancellable leases are on a month-to-month basis.

The Company is the lessor of office space under noncancellable operating leases with renewal options extending through 2029. Management expects these leases will be renewed. Including renewals, minimum future rentals to be received on these noncancelable leases as of June 30, 2006 for each of the next five years and in the aggregate are:

Year Ended June 30,		Amount
2007	\$	835,909
2008		860,986
2009		860,986
2010		886,216
2011		886,216
Thereafter		18,614,506
Total Minimum Future Rentals	\$	22,944,819

**The Youngstown Central Area
Community Improvement Corporation**

Notes to Financial Statements

June 30, 2006, 2005, and 2004

Following is a summary of office space held for lease:

	June 30		
	2006	2005	2004
Building	\$ 7,802,229	\$ 7,802,229	\$ 7,802,229
Less: Accumulated Depreciation	<u>1,760,503</u>	<u>1,500,429</u>	<u>1,240,354</u>
	\$ <u>6,041,726</u>	\$ <u>6,301,800</u>	\$ <u>6,561,875</u>

Youngstown Central Area Community Improvement Corporation

Schedules of Functional Expenses

For The Years Ended June 30, 2006, 2005, and 2004

	Program			General and Administrative			Totals		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Depreciation	\$ 315,603	\$ 316,132	\$ 320,082	\$ -	\$ -	\$ -	\$ 315,603	\$ 316,132	\$ 320,082
Contracted Services	230,601	238,140	286,389	24,000	24,000	24,000	254,601	262,140	310,389
Legal and Professional	34,994	25,120	39,704	-	-	183	34,994	25,120	39,887
Occupancy and Maintenance	443,364	386,180	308,776	-	-	-	443,364	386,180	308,776
Marketing	7,398	3,336	1,262	-	-	-	7,398	3,336	1,262
Consulting	103,540	42,560	19,826	-	-	-	103,540	42,560	19,826
Bond Expense	326,739	329,673	333,994	-	-	-	326,739	329,673	333,994
Real Estate Taxes	4,812	6,269	15,127	-	-	-	4,812	6,269	15,127
Other	8,695	103,764	5,404	-	-	-	8,695	103,764	5,404
Total	\$ 1,475,746	\$ 1,451,174	\$ 1,330,564	\$ 24,000	\$ 24,000	\$ 24,183	\$ 1,499,746	\$ 1,475,174	\$ 1,354,747



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

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

We have audited the financial statements of Youngstown Central Area Community Improvement Corporation as of and for the years ended June 30, 2006, 2005, and 2004, and have issued our report thereon dated November 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Youngstown Central Area Community Improvement Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

BODINE PERRY, LLC
Certified Public Accountants and Business Analysts

Canfield, OH

**The Youngstown Central Area
Community Improvement Corporation**

Schedule of Findings and Questioned Costs

Years Ended June 30, 2006, 2005, and 2004

Findings

There were no audit findings, during the 2006, 2005, and 2004 fiscal years.

**The Youngstown Central Area
Community Improvement Corporation**

Summary Schedule of Prior Audit Findings

Years Ended June 30, 2006, 2005, and 2004

Findings

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



Mary Taylor, CPA
Auditor of State

YOUNGSTOWN CENTRAL AREA COMMUNITY IMPROVEMENT CORPORATION

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 25, 2010**