

Youngstown Central Area Community Improvement Corporation

Financial Statements

For the Years Ended
June 30, 2022 and 2021



BodinePerry
Certified Public Accountants & Advisors

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October 14, 2022

Auditor of State
88 East Broad Street
Columbus, OH 43215-3506

Re: Annual Financial Report

I hereby certify the attached unaudited annual financial report for the fiscal year ended June 30, 2022 for the Youngstown Central Area Community Improvement Corporation.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Kosec".

David Kosec
President

Youngstown Central Area Community Improvement Corporation

Statements of Financial Position June 30, 2022 and 2021

	Assets	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 1,222,127	\$ 824,509
State of Ohio DAS Ohio Center Project Trust Fund	927,598	790,540
Accounts receivable	88,498	203,125
Prepaid expenses	14,822	34,145
Total Current Assets	<u>2,253,045</u>	<u>1,852,319</u>
Property and Equipment		
Land	1,616,962	1,616,962
Land improvements	46,121	46,121
Buildings	11,742,198	11,742,198
Building improvements	767,330	755,355
Furniture, fixtures and equipment	31,491	31,491
	<u>14,204,102</u>	<u>14,192,127</u>
Less: accumulated depreciation	<u>(8,762,770)</u>	<u>(8,345,094)</u>
Net Property and Equipment	5,441,332	5,847,033
Other Assets		
Note receivable	<u>-</u>	<u>50,000</u>
Total Assets	<u><u>\$ 7,694,377</u></u>	<u><u>\$ 7,749,352</u></u>

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Statements of Financial Position June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 53,036	\$ 96,219
Current portion of bonds payable	355,000	335,000
Accrued payroll and withholdings	2,642	3,251
Accrued bond interest	65,999	73,676
Accrued real estate taxes	905	1,208
Unearned rent	1,707,320	1,838,652
Total Current Liabilities	<u>2,184,902</u>	<u>2,348,006</u>
Long-Term Liabilities		
Bonds payable, net of current portion and unamortized bond discount and deferred bond issue costs	2,466,275	2,808,260
Operating deposit	50,000	50,000
Total Long-Term Liabilities	<u>2,516,275</u>	<u>2,858,260</u>
 Total Liabilities	 4,701,177	 5,206,266
Net Assets		
Without donor restriction	<u>2,993,200</u>	<u>2,543,086</u>
Total Liabilities and Net Assets	<u>\$ 7,694,377</u>	<u>\$ 7,749,352</u>

No assurance is provided.

Youngstown Central Area Community Improvement Corporation Mahoning County

Statements of Activities
For the Years Ended June 30, 2022 and 2021

	2022	2021
Revenues and Other Support		
Rental income	\$ 1,517,568	\$ 1,110,041
Building maintenance income	493,874	367,677
Interest income	1,467	2,253
Gain on sale of property	-	129,000
Other	24,548	19,246
Total Revenues and Other Support	2,037,457	1,628,217
Expenses		
Program	1,488,050	1,504,101
General and administrative	99,293	70,931
Total Expenses	1,587,343	1,575,032
Change in Net Assets	450,114	53,185
Net Assets, Beginning of Year	2,543,086	2,489,901
Net Assets, End of Year	\$ 2,993,200	\$ 2,543,086

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Statements of Functional Expenses For the Years Ended June 30, 2022 and 2021

	Program		General and Administrative		Totals	
	2022	2021	2022	2021	2022	2021
Depreciation	\$ 417,676	\$ 415,703	\$ -	\$ 882	\$ 417,676	\$ 416,585
Payroll and payroll taxes	86,011	71,549	9,557	7,950	95,568	79,499
Legal and professional	-	9,822	75,462	53,351	75,462	63,173
Office	8,504	8,953	2,855	3,718	11,359	12,671
Occupancy and maintenance	814,016	673,534	9,727	4,830	823,743	678,364
Bond amortization	157,713	318,290	-	-	157,713	318,290
Real estate taxes	1,630	3,750	-	-	1,630	3,750
Other	2,500	2,500	1,692	200	4,192	2,700
Totals	<u><u>\$ 1,488,050</u></u>	<u><u>\$ 1,504,101</u></u>	<u><u>\$ 99,293</u></u>	<u><u>\$ 70,931</u></u>	<u><u>\$ 1,587,343</u></u>	<u><u>\$ 1,575,032</u></u>

No assurance is provided.

Youngstown Central Area Community Improvement Corporation Mahoning County

Statements of Cash Flows For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 450,114	\$ 53,185
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	417,676	416,585
Amortization of bond discount	6,308	6,707
Amortization of bond issue costs	6,707	6,308
(Increase) decrease in operating assets:		
Accounts receivable	114,627	(76,736)
Prepaid expenses	19,323	(14,986)
Increase (decrease) in operating liabilities:		
Accounts payable	(43,183)	20,977
Accrued payroll and withholdings	(609)	(8,128)
Accrued bond interest	(7,677)	(7,333)
Accrued real estate taxes	(303)	1,199
Unearned rent	(131,332)	(131,333)
Net Cash Provided (Used) by Operating Activities	831,651	266,445
Cash Flows from Investing Activities		
Net change in State of Ohio DASOCP Trust Fund	(137,058)	117,475
Proceeds from note receivable	50,000	-
Purchase of property and equipment	(11,975)	(14,375)
Net Cash Provided (Used) by Investing Activities	(99,033)	103,100
Cash Flows from Financing Activities		
Payments on bonds payable	(335,000)	(320,000)
Net Cash Provided (Used) by Financing Activities	(335,000)	(320,000)
Net Increase (Decrease) in Cash and Cash Equivalents	397,618	49,545
Beginning Cash and Cash Equivalents	\$ 824,509	\$ 774,964
Ending Cash and Cash Equivalents	\$ 1,222,127	\$ 824,509
Supplementary Cash Flow Disclosures		
Cash paid for interest	\$ 157,713	\$ 318,290

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note A - Summary of Significant Accounting Policies

Organization and Business Activity

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.

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. Accrual basis accounting allows for revenue to be recognized when earned and expenses to be recognized when goods or services are received, without regard to the receipt or payment of cash.

Use of Estimates

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

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.

Advertising Expense

Advertising costs are expensed as incurred.

Cash and Cash Equivalents

The Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

The Corporation accounts for its investments in marketable securities at their stated fair value in the statements of financial position.

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note A - Summary of Significant Accounting Policies (continued)

Accounts Receivables

Accounts 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, 2022 and 2021 are collectible.

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.

Property and Equipment

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. Property and equipment are depreciated on the straight-line method over their estimated useful lives of 5 to 30 years. Maintenance and repairs are charged to expense when incurred. Assets with a useful life beyond one year or repairs and maintenance that extend the useful life of an asset beyond one year are capitalized and depreciated over the asset's useful life.

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.

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 any time 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, 2022 and 2021 was \$131,332.

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.

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 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 statements of financial position as "State of Ohio DAS Ohio Center Project Trust Fund".

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.

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.

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note A - Summary of Significant Accounting Policies (continued)

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, 2022, 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 2021, 2020, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Note B - Commitments and Contingencies

Credit Risk from Cash Deposits in Excess of Insurance Limits

The Corporation maintains its cash balances in one financial institution. The balance in bank is insured by the Federal Deposit Insurance Corporation up to a maximum amount of \$250,000 per institution. Balances in excess of the \$250,000 level are considered a contingent risk under generally accepted accounting principles and may occur from time to time with the Corporation. The Corporation had not experienced any losses on such accounts and does not believe it is exposed to any significant risk with respect to such cash.

Note C - Investments at Fair Value Measurements (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.

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.

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note C - Investments at Fair Value Measurements (State of Ohio DAS Ohio Center Project Trust Fund) (continued)

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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2022 and 2021.

Money market: Valued at closing prices reported on actively traded exchanges.

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 plan 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.

	2022		2021	
	Quotes Prices in Active markets for Identical Assets (Level 1) Fair Market Value	Cost	Quotes Prices in Active markets for Identical Assets (Level 1) Fair Market Value	Cost
U.S. Treasury Money Market	\$ 927,598	\$ 927,598	\$ 790,540	\$ 790,540

Note D - 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, 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, 2022 and 2021.

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note E - Property and Equipment

Changes in property and equipment for the year ended June 30, 2022 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	755,355	11,975	-	767,330
Furniture and Equipment	31,491	-	-	31,491
Total Capital Assets being Depreciated	<u>12,575,165</u>	<u>11,974</u>	<u>-</u>	<u>12,587,140</u>
Less Accumulated Depreciated:				
Land Improvements	(30,879)	(2,489)	-	(33,368)
Buildings	(7,762,934)	(391,407)	-	(8,154,341)
Building Improvements	(529,735)	(19,526)	-	(549,261)
Furniture and Equipment	(21,546)	(4,254)	-	(25,800)
Total Accumulated Depreciation	<u>(8,345,094)</u>	<u>(417,676)</u>	<u>-</u>	<u>(8,762,770)</u>
Capital Assets, Net of Depreciation	<u>\$ 5,847,033</u>	<u>\$ (405,701)</u>	<u>\$ -</u>	<u>\$ 5,441,332</u>

Changes in property and equipment for the year ended June 30, 2021 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	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 Depreciated:				
Land Improvements	(28,390)	(2,489)	-	(30,879)
Buildings	(7,371,527)	(391,407)	-	(7,762,934)
Building Improvements	(511,300)	(18,435)	-	(529,735)
Furniture and Equipment	(17,292)	(4,254)	-	(21,546)
Total Accumulated Depreciation	<u>(7,928,509)</u>	<u>(416,585)</u>	<u>-</u>	<u>(8,345,094)</u>
Capital Assets, Net of Depreciation	<u>\$ 6,249,243</u>	<u>\$ (402,210)</u>	<u>\$ -</u>	<u>\$ 5,847,033</u>

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note F - Bonds Payable

Bonds payable consisted of the following as of June 30:

	2022	2021
Bond obligations, interest rates from 4.05% to 5.10%, due at various dates until 2028	\$ 2,880,000	\$ 3,215,000
Less: Unamortized Debt	(18,484)	(24,792)
Less: Deferred Bond Issue Costs	(40,241)	(46,948)
Less: Current Portion	(355,000)	(335,000)
Net Bonds Payable	\$ 2,466,275	\$ 2,808,260

Amortization of future debt payments is scheduled as follows:

Year Ending June 30	Amount
2023	\$ 355,000
2024	370,000
2025	390,000
2026	410,000
2027	430,000
Thereafter	925,000
Total	\$ 2,880,000

Note G - 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:

	2022	2021
Without Donor Restriction:		
Designated by the Board for:		
Savings Account for capital purchases and improvements	\$ 637,443	\$ 636,090
Trust Fund for construction and rental of the Voinovich Center	927,598	790,540
Undesignated	1,428,159	1,116,456
Net Assets	\$ 2,993,200	\$ 2,543,086

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note H - 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, 2022 for each of the next five years and in the aggregate are:

Year Ending June 30	Amount
2023	\$ 355,000
2024	370,000
2025	390,000
2026	410,000
2027	430,000
Thereafter	925,000
Total	\$ 2,880,000

Note I- 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 as of June 30:

Financial assets, at year end:

	2022	2021
Cash and cash equivalents	\$ 1,222,127	\$ 824,509
State of Ohio DAS Ohio Center Project Trust Fund	927,598	790,540
Accounts receivable	88,498	203,125
Note receivable	-	50,000
Subtotal Financial assets, at year end	2,238,223	1,868,174

Less those unavailable for general expenditure within one year due to:

Note Receivable	-	(50,000)
Board designated Savings Account for capital improvements of the Volnovich Center	(637,443)	(636,090)
Board designated Trust Fund for construction and rental of the Volnovich Center	(927,598)	(790,540)
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ 673,182	\$ 391,544

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, 2022 and 2021, the Corporation did not have any financial assets subject to donor restriction.

No assurance is provided.

Youngstown Central Area Community Improvement Corporation

Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note J - Subsequent Events

The Company has evaluated subsequent events through September 30, 2022, the date the financial statements were available to be issued.

No assurance is provided.