

FINANCIAL STATEMENTS

**DOWNTOWN TOLEDO
IMPROVEMENT DISTRICT, INC.**

December 31, 2008 and 2007

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	3
STATEMENTS OF FINANCIAL POSITION.....	4
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
STATEMENTS OF CASH FLOWS	6,7
NOTES TO FINANCIAL STATEMENTS.....	8-10
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	11
SCHEDULES OF OPERATING AND ADMINISTRATIVE EXPENSES.....	12

Brell, Holt & Company

Certified Public Accountants

Two Maritime Plaza, Toledo, Ohio 43604
(419) 243-0218 (fax) 243-9264 www.brellholt.com

INDEPENDENT AUDITOR'S REPORT

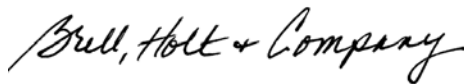
Board of Directors
Downtown Toledo Improvement District, Inc.
300 Madison Avenue, Suite 1510
Toledo, OH 43604

We have audited the accompanying Statements of Financial Position of DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC. as of December 31, 2008 and 2007, 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 District'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. 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 DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Brell, Holt & Company



Toledo, Ohio
February 18, 2009

STATEMENTS OF FINANCIAL POSITION

DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC.

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents - Note B	\$ 25,016	\$ 10,200
Investments - Note B	89,932	131,346
Accounts receivable - Note B	<u>92,865</u>	<u>27,806</u>
TOTAL ASSETS	<u>\$ 207,813</u>	<u>\$ 169,352</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 33,598	\$ 34,473
<u>NET ASSETS</u>		
Unrestricted - Note B	<u>174,215</u>	<u>134,879</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 207,813</u>	<u>\$ 169,352</u>

See Notes to Financial Statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC.

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues and Support:		
District assessments	\$ 611,075	\$ 545,155
Government support	-	50,000
Sponsorships	<u>4,950</u>	<u>6,500</u>
TOTAL REVENUES AND SUPPORT	616,025	601,655
Operating and Administrative Expenses	<u>582,446</u>	<u>557,187</u>
INCOME FROM OPERATIONS	33,579	44,468
Other Income (Expense):		
Interest income	2,823	6,230
Other income	<u>2,934</u>	<u>3,354</u>
	<u>5,757</u>	<u>9,584</u>
INCREASE IN NET ASSETS	39,336	54,052
Net Assets, Beginning of Year	<u>134,879</u>	<u>80,827</u>
Net Assets, End of Year	<u>\$ 174,215</u>	<u>\$ 134,879</u>

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC.

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Cash received from revenues	\$ 553,900	\$ 589,203
Cash paid to suppliers and employees	(583,321)	(589,197)
Interest received	<u>2,823</u>	<u>6,230</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(26,598)	6,236
Cash Flows from Investing Activities:		
Sale (purchase) of investments	<u>41,414</u>	<u>(11,041)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>41,414</u>	<u>(11,041)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,816	(4,805)
Cash and Cash Equivalents at Beginning of Year	<u>10,200</u>	<u>15,005</u>
Cash and Cash Equivalents at End of Year - Note B	<u>\$ 25,016</u>	<u>\$ 10,200</u>

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS (CONTINUED)

DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC.

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Reconciliation of Changes in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Increase in net assets	\$ 39,336	\$ 54,052
Adjustments:		
(Increase) in accounts receivable	(65,059)	(15,806)
(Decrease) in accounts payable	<u>(875)</u>	<u>(32,010)</u>
TOTAL ADJUSTMENTS	<u>(65,934)</u>	<u>(47,816)</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (26,598)</u>	<u>\$ 6,236</u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC.

December 31, 2008 and 2007

NOTE A - NATURE OF OPERATIONS

The Downtown Toledo Improvement District, Inc. (DTID) is a non-profit organization (501(c)(3)) created to provide certain services to downtown property owners within a defined 38-block special assessment district. These services include maintenance, security, and marketing and economic development above and beyond those services provided by the City of Toledo.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting:

The financial statements have been prepared on the accrual basis.

Financial Statement 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 DTID is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts:

The Organization establishes an allowance for uncollectible trade accounts receivable based on historical collection experience and management's evaluation of collectibility of outstanding accounts receivable. Accounts receivable have been reviewed by management, and it has been determined that there is no requirement for an allowance for doubtful accounts as of December 31, 2008 or 2007.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC.

December 31, 2008 and 2007

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments:

Investments are carried at fair value, and realized and unrealized gains or losses are reflected in the statement of activities.

Advertising:

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$0- and \$252 for the years ended December 31, 2008 and 2007, respectively.

Income Taxes:

The Downtown Toledo Improvement District, Inc. is a 501(c)(3) organization, exempt from Federal income taxes. However, the organization is required to pay Federal income taxes on unrelated business income.

Concentrations of Risk:

The Organization maintains its cash in bank deposit accounts which may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

NOTE C - SERVICE AGREEMENTS

DTID has a service agreement with Block by Block. Block by Block provides uniformed security and environmental maintenance personnel located in the Improvement District. The term of the agreement extends from January 1, 2008 to December 31, 2010, with a monthly payment of approximately \$28,935 per month.

NOTE D - LINE OF CREDIT

The Organization has available a \$200,000 line of credit with National City Bank. Interest is paid monthly based upon the bank's prime rate plus 1.5%. The line of credit is secured by all business assets. There was no interest paid on the line for December 31, 2008 and 2007.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC.

December 31, 2008 and 2007

NOTE E - SIMPLIFIED EMPLOYEE PENSION PLAN

The Organization maintains a simplified employee pension plan which permits eligible employees to make elective deferrals to the plan within IRS limits.

NOTE F - LEASE COMMITMENTS

The Organization subleases its office facilities under a five-year operating lease commencing January 1, 2006. Annual rent expense was \$31,420 and \$31,420 for the years ended December 31, 2008 and 2007, respectively. Future minimum payments required are as follows:

2009	\$ 31,420
2010	<u>31,420</u>
TOTAL	<u>\$ 62,840</u>

NOTE G - OPERATING AGREEMENT

DTID has an agreement with the owners of real estate within a 38-block area of Downtown Toledo, known as a special improvement district, to be paid a pro rata assessment of property based upon the total front footage of all abutting rights-of-way plus the valuation of the parcel and any structures thereon. In exchange, DTID will provide security, maintenance, and improvements that will enhance the value of downtown offices, retail, residential, and other diversified properties.

The agreement commenced on January 1, 2006 and will continue for a period not to exceed five years.

DTID received \$611,075 and \$545,155 in District assessments for the years ended December 31, 2008 and 2007, respectively.

Brell, Holt & Company

Certified Public Accountants

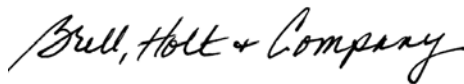
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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Downtown Toledo Improvement District, Inc.
300 Madison Avenue, Suite 1510
Toledo, OH 43604

Our report on our audit of the basic financial statements of DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC. for December 31, 2008 and 2007 appear on page 3. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on page 12 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.

Brell, Holt & Company



Toledo, Ohio
February 18, 2009

SCHEDULES OF OPERATING AND ADMINISTRATIVE EXPENSES

DOWNTOWN TOLEDO IMPROVEMENT DISTRICT, INC.

For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Salaries and wages	\$ 112,643	\$ 108,197
Payroll taxes	12,341	10,971
Employee SEP	4,100	8,221
Employee benefits	19,220	19,182
Mileage/reimbursements	2,012	1,296
Memberships/publications	100	115
Equipment rental	1,772	339
Rent	31,420	31,420
Telephone	583	549
Postage	1,109	1,167
Printing	1,472	581
Advertising and marketing	-	252
Outside contract services	347,219	332,701
Marketing consulting	115	16,425
Bank charges	300	375
Professional fees	7,643	11,841
Insurance	1,609	1,419
Board and annual meetings	755	711
Office supplies and expense	4,874	4,591
Holiday decorations	775	282
Programs at Levis Square	4,247	3,555
Miscellaneous	137	2,862
Recruitment and retention	28,000	-
Bad debt	-	135
	<u> </u>	<u> </u>
TOTALS	\$ <u>582,446</u>	\$ <u>557,187</u>

See Independent Auditor's Report
on Supplementary Information.