

Project Information

Project name: Columbus Downtown, Inc. - *Audit* Engagement #: 848267.003
 Project period: 12/31/2011 (Current) Engagement name: Columbus Downtown, Inc.

11AJE11 - To record Subway security deposit (A300 - Working Trial Balance)

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	The Commons Retail Operations	3,000		3,000		
	AP		3,000		3,000	

Comments -- The only transaction in The Commons Retail Operations account. Amount represents a security deposit from Subway at location 300 Washington St, Columbus, IN.

11AJE8 - To record interest earned on cash in the Commons Retail Construction Account (A300 - Working Trial Balance)

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	The Commons Retail Construction	151.35		151.35		
	Interest Income		151.35			151.35

Comments -- The amount represents cumulative interest earned / received in the Commons Retail Construction Account during 2011.

11AJE10 - To record checks written from the Commons Retail Construction Account to Safeguard Business Systems (A300 - Working Trial Balance)

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Expense	48.67			(48.67)	
	The Commons Retail Construction		48.67	(48.67)		

Comments -- This is a cumulative amount of checks written and presented to the bank by Safeguard Business Systems. Note that there were no check skips in this bank account. There were also no checks that cleared the bank in January 2012 per review of related bank statement. Considering the fact that historically checks written to Safeguard Business Systems cleared the bank within about a month, Crowe concludes that all checks written in 2011 cleared the bank in 2011.

11AJE9 - To record checks written from the Commons Retail Construction Account to Delta Construction (A300 - Working Trial Balance)

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income

	CIP	519,016			(519,016)	
	The Commons Retail Constrcuton		519,016	(519,016)		

Comments -- This is a cumulative amount of checks written and presented to the bank by Delta Construction. Note that there were no check skips in this bank account. There were also no checks that cleared the bank in January 2012 per review of related bank statement. Considering the fact that historically checks written to Delta Construction cleared the bank within about a month, Crowe concludes that all checks written in 2011 cleared the bank in 2011.

 **11AJE7 - To record grant received by CDI for Commons construction (A300 - Working Trial Balance)**
Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	The Commons Retail Construction	633,000		633,000		
	Gov grant revenue		633,000		633,000	

Comments -- Activity in the two Commons bank accounts (Construction and Operations) was not recorded on CDI books. This adjustment is part of entering transactions on CDI's books for financial statement preparation purposes. The \$633,000 was received from CRC in the middle of 2011. Note that under this grant, CDI serves as an agent to write checks to the construction company. As such, no grant revenue is to be recorded and the grant received is presented as a liability on CDI's books. Such agent liability is reduced as CDI writes checks to the construction company.

 **11AJE17 - Reclassify lease revenue from garage (grants) construction revenue (A300 - Working Trial Balance)**
Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Grant income	60,000				(60,000)
	Parking Leases (Income)		60,000			60,000

Comments -- In 2008 the entity's GL showed a \$60,000 Garage Const grant income. Per discussion with management, this amount primarily represents lease revenue. This adjusting journal entry is to reclassify such income to parking leases income.

 **11AJE1 - Record retail leasing services provided by Sharon Renfro Management in 2011 (A400 - Cash Disbursements and Cash Receipts Testing)**
Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Management Fee	24,137				(24,137)
	Cash		24,137	(24,137)		

Comments -- <Check #1590, written 12/31/2011 and withdrawn from Jackson Street Acct in January, 2012. It appears to be incorrectly excluded from 2011 financial statements.>

 **09AJE2 - Reclass Rhino Lining payment to lease revenue (E105N--Y1 - Revenue (Grants) - Audit Program)**
Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income

	Other Income - grants	11,660			11,660
	Retail Lease - Other		11,660		(11,660)

Comments -- On 2/20/2009, Rhino Lining made a payment of \$5,830 which appears to be two months worth of lease revenue (i.e., \$2,915 per month as per the contract - see file (2) in Q130). This amount of \$5,830 was recorded in grants revenue and Crowe proposes reclassifying it to lease revenue. In addition, the Other Income account also included other smaller payments from Rhino Lining which are to be reclassified along with the \$5,830: Rhino Lining's payment of \$2,915 on 3/4/2009 and Rhino Lining's payment of \$2,915 on 4/1/2009.

 **11AJE3 - Accrue lease revenue from Bistro at 12/31/2011 (E110 - Lease Revenue Analysis)**

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Lease Revenue		13,033			13,033
	Short-term Accounts Receivable - Lease Straightlining	6,800		6,800		
	Long-term Accounts Receivable - Lease Straightlining	6,233		6,233		

Comments -- CDI provide a lease holiday to Bistro which resulted in lease straight-lining adjustment. This journal entry make this adjustment.

 **11AJE6 - Accrue lease revenue from Garage Pub at 12/31/2011 (E110 - Lease Revenue Analysis)**

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Lease Revenue		14,459			14,459
	Short-term Accounts Receivable - Lease Straightlining	8,262		8,262		
	Long-term Accounts Receivable - Lease Straightlining	6,197		6,197		

Comments -- CDI provide a lease holiday to Garage Pub which resulted in lease straight-lining adjustment. This journal entry make this adjustment.

 **09AJE1 - Accrue uncollected rent from Garage Pub and related bad debt allowance (2009) (E110 - Lease Revenue Analysis)**

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	The Garage Pub and Grill (Revenue)		4,544			4,544
	Accounts Receivable (Balance Sheet)	4,544				
	Bad Debt / Uncollectible Rent (Income Statement)	4,544				(4,544)
	Bad Debt Allowance (Balance Sheet)		4,544			

Comments -- No Garage Pub rent payments were recorded in GL for July 2009. This entry records revenue accrual and a corresponding bad debt allowance for the same amount (as it's not expected that CDI will be able to collect this amount from the tenant because it's been about two years).

 **10AJE1 - Accrue uncollected rent from Garage Pub and related bad debt allowance (2010) (E110 - Lease Revenue Analysis)**

Posted - Reviewed

Increase (Decrease)

Acct #	Account Name	Debit	Credit	Asset	Liability	Income
	The Garage Pub and Grill (Revenue)		13,770			13,770
	Accounts Receivable (Balance Sheet)	13,770				
	Bad Debt / Uncollectible Rent (Income Statement)	13,770				(13,770)
	Bad Debt Allowance (Balance Sheet)		13,770			

Comments -- No Garage Pub rent payments were recorded in GL for February, March and April of 2010. This entry records revenue accrual and a corresponding bad debt allowance for the same amount (as it's not expected that CDI will be able to collect this amount from the tenant because it's been about two years).

11AJE12 - Record Cummins parking lease revenue for 200 and 119 parking spaces (E110 - Lease Revenue Analysis)

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Accounts Receivable	55,700		55,700		
	Parking Leases		55,700			55,700

Comments -- Two parking lease agreements with Cummins (for 200 parking spaces and 119 parking spaces) required monthly payments. Some of such payments were not identified in GL activity. Thus, an adjustment to record such revenue is proposed.

11AJE13 - Record accumulated depreciation for fixed assets at the end of 2011 (I100---Y1 - Premises and Equipment - Net - Audit Program)

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Depreciation Expense	864,825				(864,825)
	Accumulated Depreciation		864,825	(864,825)		

Comments -- CDI has a number of fixed assets on its books. However, no depreciation has been recorded for such assets from 2008 to 2011. Crowe estimated the depreciation expense. This adjustment records depreciation expense for 2008-2011.

10AJE2 - Record Sports Complex mortgage (I100---Y1 - Premises and Equipment - Net - Audit Program)

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Building - Sports Complex	365,000		365,000		
	Mortgage (Sports Complex)		365,000		365,000	

Comments -- In 2010 CDI obtained a mortgage for the REMC Sports Complex. Mortgage document is available in K405. The mortgage was never recorded on CDI's books. This journal entry is to record the mortgage. Note: Crowe assumed that the mortgage was used to purchase the building for REMC Sports Complex.

11AJE15 - Adjust cost of donated fixed assets (I100---Y1 - Premises and Equipment - Net - Audit Program)

Posted - Reviewed

				Increase (Decrease)		
Acct #	Account Name	Debit	Credit	Asset	Liability	Income

Acct #	Account Name	Debit	Credit	Asset	Liability	Income
	Second Street Garage - Building	4,668,223		4,668,223		
	Second Street Garage - Land	371,100		371,100		
	Other Land	374,300		374,300		
	Other income		5,413,623			5,413,623

Comments -- CDI received donated land which was not recorded on CDI's books. Second Street Garage construction costs were also paid by a third party (CRC) which should have been accounted for as donated assets, but were not. This adjustment is to record the difference between what was on CDI's books at 12/31/2011 and the value of such assets at that date. The total amount of adjustment is recorded as other income (contributions / donations).

 **11AJE14 - Reclass mortgage payment from income statement to balance sheet (K405---Y1 - Notes Payable & Debt & Other Borrowings - Audit Program)**

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Mortgage (Sports Complex)	365,000			(365,000)	
	Ask My Accountant		365,000			365,000

Comments -- REMC Sports Complex mortgage was paid off at the end of 2011. The mortgage payment was recorded into an income statement suspense account called Ask My Accountant. The correct way to record the mortgage payment would be to debit the mortgage account. This journal entry reclasses the payment from the income statement to the balance sheet.

 **11AJE5 - Accrue for property tax liability (N110---Y1 - Accounts Payable and Accrued Expenses and Other Liabilities - Audit Program)**

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Property Tax Liability		66,623		66,623	
	Property Taxes	66,623				(66,623)

Comments -- CDI does not accrue for expenses and thus, property tax liability was not recorded on the books at 12/31/2011. This journal entry records this liability.

 **11AJE4 - Adjust debit balance of accounts receivable (N110---Y1 - Accounts Payable and Accrued Expenses and Other Liabilities - Audit Program)**

Posted - Reviewed

Acct #	Account Name	Debit	Credit	Increase (Decrease)		
				Asset	Liability	Income
	Accounts Payable		4,594		4,594	
	Management Fee	4,594				(4,594)

Comments -- It appears that check #1429 was recorded incorrectly by debiting accounts payable. This journal entry moves the amount from accounts payable to management fee expenses.

 **11AJE2 - Record Management fees for services performed by Sharon Renfro Management in 2011 (Q130 - Expense Testing)**

Posted - Reviewed

				Increase (Decrease)		
Acct #	Account Name	Debit	Credit	Asset	Liability	Income

Acct #	Account Name	Debit	Credit	Asset	Liability	Income
	Management Fee	3,530				(3,530)
	Accounts Payable		3,530		3,530	

Comments -- <Check #1192 from 2nd Street Garage bank account and check #1584 from Jackson St. Garage bank account appear to be incorrectly excluded from 2011 financials Statements for services provided 12/15/2011 - 12/31/2011. The \$3,530 is the total of the two checks mentioned less the amount of adjustment already posted in 11AJE4. >

Columbus Downtown, Inc. - *Audit* (2011.12.31)

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