



**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013



Dave Yost • Auditor of State

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Westerville Industry and Commerce Corporation
Franklin County
21 South State Street
Westerville, Ohio 43086

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Westerville Industry and Commerce Corporation, Franklin County, Ohio (the Corporation), (a nonprofit corporation), which comprise the statement of financial position, the related statements of activities and cash flows, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing those risks of financial statement material misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Westerville Industry and Commerce Corporation, Franklin County, Ohio as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2015 on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

July 9, 2015

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014**

Assets

Current Assets:

Cash	\$ 359,231
Loans Receivable	116,993
Total Current Assets	<u>476,224</u>

Non-current Assets:

Loans Receivable	<u>235,000</u>
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Total Assets	<u>711,224</u>
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Liabilities

Current Liabilities

Accounts Payable	<u>71,734</u>
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Total Liabilities	<u>71,734</u>
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Net Assets

Temporarily Restricted for Façade Program	148,444
Temporarily Restricted for Energy Savings Program	-
Unrestricted Net Assets	<u>491,046</u>

Total Net Assets	<u><u>\$ 639,490</u></u>
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The notes to the financial statements are an integral part of this statement.

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted for Façade Program	Temporarily Restricted for Energy Savings Program	Total
Operating Revenues				
Member Dues	\$ 11	\$ -	\$ -	\$ 11
Funds Received from the City of Westerville	699,460	100,000	130,033	929,493
Total Operating Revenues	<u>699,471</u>	<u>100,000</u>	<u>130,033</u>	<u>929,504</u>
Operating Expenses				
Energy Savings Program Expense	-	-	(178,768)	(178,768)
Façade Program Expense	-	(15,000)	-	(15,000)
Professional Consulting Expense	(15,657)	-	-	(15,657)
Real Estate Expense	(421,810)	-	-	(421,810)
Miscellaneous Expenses	(178)	-	-	(178)
Total Operating Expenses	<u>(437,645)</u>	<u>(15,000)</u>	<u>(178,768)</u>	<u>(631,413)</u>
Total Operating Income	261,826	85,000	(48,735)	298,091
Nonoperating Income				
Interest Revenue	213	-	-	213
Total Nonoperating Income	<u>213</u>	<u>-</u>	<u>-</u>	<u>213</u>
Change in Net Assets	262,039	85,000	(48,735)	298,304
Net Assets, beginning of year	<u>229,007</u>	<u>63,444</u>	<u>48,735</u>	<u>341,186</u>
Net Assets, end of year	<u>\$ 491,046</u>	<u>\$ 148,444</u>	<u>\$ -</u>	<u>\$ 639,490</u>

The notes to the financial statements are an integral part of this statement.

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Cash flows from operating activities	
Cash received from member dues	\$ 11
Cash received from City of Westerville	929,493
Cash disbursed for operating expenses	(178)
Cash loan payments to businesses	(175,000)
Cash Energy grant to businesses	(107,034)
Cash FIP grant to businesses	(15,000)
Cash disbursed for real estate transactions	(421,810)
Cash disbursed for professional consulting	<u>(15,657)</u>
Net cash provided by operating activities	194,825
Cash flows from investing activities	
Interest earned on investments	<u>213</u>
Net cash provided by investing activities	213
Net increase in cash	195,038
Cash, beginning of year	<u>164,193</u>
Cash, end of year	<u><u>\$ 359,231</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	298,091
Change in assets:	
Increase in loans receivable	(175,000)
Increase in accounts payable	<u>71,734</u>
Net cash provided by operating activities	<u><u>194,825</u></u>

The notes to the financial statements are an integral part of this statement.

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013**

Assets

Current Assets:

Cash	\$	164,193
Loans Receivable		37,493
Total Current Assets		<u>201,686</u>

Non-current Assets:

Loans Receivable		<u>139,500</u>
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Total Assets

341,186

Net Assets

Temporarily Restricted for Façade Program	63,444
Temporarily Restricted for Energy Savings Program	48,735
Unrestricted Net Assets	<u>229,007</u>

Total Net Assets

\$ 341,186

The notes to the financial statements are an integral part of this statement.

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted for Façade Program	Temporarily Restricted for Energy Savings Program	Total
Operating Revenues				
Member Dues	\$ 10	\$ -	\$ -	\$ 10
Funds Received from the City of Westerville	261,625	-	68,372	329,997
Total Operating Revenues	<u>261,635</u>	<u>-</u>	<u>68,372</u>	<u>330,007</u>
Operating Expenses				
Forgiven Loan Expense	\$ (52,760)		\$ -	\$ (52,760)
Bad Debt Expense	(3,240)	-	-	(3,240)
Energy Savings Program Expense	-	-	(19,637)	(19,637)
Façade Program Expense	-	(22,509)	-	(22,509)
Professional Consulting Expense	(2,672)	-	-	(2,672)
Real Estate Expense	(261,625)	-	-	(261,625)
Miscellaneous Expenses	(1,858)	-	-	(1,858)
Total Operating Expenses	<u>(322,155)</u>	<u>(22,509)</u>	<u>(19,637)</u>	<u>(364,301)</u>
Total Operating Income (Loss)	(60,520)	(22,509)	48,735	(34,294)
Nonoperating Income				
Interest Revenue	86	-	-	86
Total Nonoperating Income	<u>86</u>	<u>-</u>	<u>-</u>	<u>86</u>
Change in Net Assets	(60,434)	(22,509)	48,735	(34,208)
Net Assets, beginning of year	<u>289,441</u>	<u>85,953</u>	<u>-</u>	<u>375,394</u>
Net Assets, end of year	<u>\$ 229,007</u>	<u>\$ 63,444</u>	<u>\$ 48,735</u>	<u>\$ 341,186</u>

The notes to the financial statements are an integral part of this statement.

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Cash flows from operating activities	
Cash received from member dues	\$ 10
Cash received from City of Westerville	329,997
Cash payments for operating expenses	(1,858)
Cash payments for real estate	(261,625)
Cash loan payments to businesses	(35,000)
Cash Energy grant to businesses	(19,637)
Cash FIP grant to businesses	(22,509)
Cash payments for professional consulting	(2,672)
Net cash used by operating activities	<u>(13,294)</u>
Cash flows from investing activities	
Interest earned on investments	86
Net cash provided by investing activities	<u>86</u>
Net decrease in cash	(13,208)
Cash, beginning of year	<u>177,401</u>
Cash, end of year	<u><u>\$ 164,193</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(34,294)
Change in assets:	
Decrease in loans receivable	<u>21,000</u>
Net cash used by operating activities	<u><u>\$ (13,294)</u></u>

Non-cash Operating Activities: The Corporation forgave \$26,760 of a loan and a \$26,000 loan during the fiscal year.

The notes to the financial statements are an integral part of this statement.

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. DESCRIPTION OF ENTITY

The Westerville Industry and Commerce Corporation (the Corporation) is a not-for-profit community improvement corporation organized and existing under Chapter 1724 of the Ohio Revised Code. The Corporation was established September 20, 1965, as certified by the Secretary of State of Ohio. The Board has seven (7) members. Three members of the Board are from the public sector and four members are from the private sector. One of the public sector members also serves as a member of Westerville City Council. The Corporation, as a nonprofit community improvement corporation, was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development of the City of Westerville.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of 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 Corporation 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. As of December 31, 2014 and 2013, net assets are either temporarily restricted or unrestricted. The Corporation applies temporarily restricted resources first when expenditures are incurred for purposes for which either temporarily restricted or unrestricted amounts are available.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. CASH DEPOSITS

At December 31, 2013, the bank balance was \$164,193. Federal Deposit Insurance Corporation (FDIC) covered all of this bank balance. At December 31, 2014 the bank balance was \$359,231. The FDIC covered \$250,000 of this balance. The remaining amount was collateralized by the bank's public entity deposit pool.

4. LOANS RECEIVABLE

The Board reviews and approves the awarding of certain loans to corporations wishing to locate within the City of Westerville as a means to incentivize job creation. Repayment of the loans is normally forgiven if certain income tax revenues are generated by the company within a specified period of time. For fiscal year 2013, loans of \$26,760 and \$26,000 were forgiven and for fiscal year 2014, no loans were forgiven. When repayment does occur, the monies repaid are used to fund additional loans. The receivable represents the loans outstanding at the balance sheet date, net uncollectible loans.

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

5. FAÇADE IMPROVEMENT PROGRAM

The Board reviews and approves the awarding of grants to corporations to improve company buildings in the Uptown Westerville area as a means to keep the area in shape. Grants are not repaid by the companies. The amounts disbursed for grants are recorded as an expense on the statement of activities.

6. COMMERCIAL AND INDUSTRIAL ENERGY SAVINGS PROGRAM

The Board reviews and approves the awarding of grants to commercial and industrial customers for implementing energy efficiency projects. Grants are not repaid by the companies. The amounts disbursed for grants are recorded as an expense on the statement of activities.

7. RELATED PARTIES

The City of Westerville provides the majority of the Corporation's funding. During fiscal years ending December 31, 2014 and 2013, the City paid the Corporation \$929,493 and \$329,997, respectively, for the purchase of real estate and for support of the Corporation's incentive programs. Using these funds, the Corporation purchased Taylor Way property for \$261,625 in 2013, 32 College Avenue property for \$120,578 in 2014, and 32 Heatherdown Drive property for \$295,717 in 2014.

The Corporation also transferred the Taylor Way property during fiscal year ending December 31, 2013 and 32 College Avenue property during fiscal year ending December 31, 2014 to the City of Westerville.

Additionally, on October 10, 2013, the Corporation awarded Lakeshore Crytronics a Community Improvement Incentive Loan of \$14,212.38. Lakeshore Crytronics is owned by one of the Trustees of the Corporation.

8. SUBSEQUENT EVENT

The property at 32 Heatherdown Drive was transferred to the Central Ohio Community Improvement Corporation on September 11, 2014. On February 28, 2015, the Corporation re-acquired the 32 Heatherdown Drive property that was transferred to the Central Ohio Community Improvement Corporation in 2014.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Westerville Industry and Commerce Corporation
Franklin County
21 South State Street
Westerville, Ohio 43086

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Westerville Industry and Commerce Corporation, Franklin County, Ohio (the Corporation), (a nonprofit corporation), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated July 9, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

July 9, 2015.



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WESTERVILLE INDUSTRY AND COMMERCE

FRANKLIN 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
AUGUST 6, 2015**