



**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011



Dave Yost • Auditor of State

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

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 (a nonprofit corporation) (the Corporation), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 material financial statement 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, 2012 and 2011, 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 29, 2013, 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.

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Dave Yost
Auditor of State

Columbus, Ohio

July 29, 2013

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

Assets

Current Assets:

Cash	\$ 177,401
Loans receivable	93,493
Total Current Assets	<u>270,894</u>

Non-current Assets:

Loans Receivable	<u>104,500</u>
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Total Assets	<u><u>375,394</u></u>
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Net Position

Temporarily Restricted for Façade Program	85,953
Unrestricted Net Position	<u>289,441</u>

Net Position	<u><u>\$ 375,394</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, 2012**

	Unrestricted	Temporarily Restricted	Total
Operating Revenue			
Member Dues	\$ 8	\$ -	\$ 8
Funds received from the City of Westerville	-	100,000	100,000
Total operating revenue	8	100,000	100,008
Operating Expenses			
Façade Program Expense	-	(14,047)	(14,047)
Forgiven Loan Expense	(51,900)	-	(51,900)
Professional Consulting Expense	(88)	-	(88)
Miscellaneous Expenses	(185)	-	(185)
Total operating expenses	(52,173)	(14,047)	(66,220)
Total Operating Income	(52,165)	85,953	33,788
Nonoperating income			
Interest revenue	122	-	122
Total nonoperating income	122	-	122
Change in Net Position	(52,043)	85,953	33,910
Net Position, beginning of year	341,484	-	341,484
Net Position, end of year	\$ 289,441	\$ 85,953	\$ 375,394

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, 2012**

Cash flows from operating activities	
Cash received from member dues	\$ 8
Cash received from City of Westerville	100,000
Cash dispersed for operating expenses	(185)
Cash received from loan repayment	15,000
Cash loan payments to businesses	(25,000)
Cash FIP grant to businesses	(14,047)
Cash dispersed for professional consulting	<u>(975)</u>
Net cash provided by by operating activities	<u>74,801</u>
Cash flows from investing activities	
Interest earned on investments	<u>122</u>
Net cash provided by investing activities	<u>122</u>
Net Increase in cash and cash equivalents	74,923
Cash and cash equivalents, beginning of year	<u>102,478</u>
Cash and cash equivalents, end of year	<u><u>\$ 177,401</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	33,788
Changes in assets and liabilities:	
Decrease in contracts payable	(887)
Decrease in loans receivable	<u>41,900</u>
Net cash used by operating activities	<u><u>\$ 74,801</u></u>

Non-cash Operating Activities: The Corporation forgave a \$20,000 loan and a \$31,900 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**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011**

Assets

Current Assets:

Cash	\$ 102,478
Loans receivable	84,393
Total Current Assets	<u>186,871</u>

Non-current Assets:

Loans Receivable	<u>155,500</u>
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Total Assets	<u><u>342,371</u></u>
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Liabilities

Current liabilities:

Contracts Payable	<u>887</u>
Total current liabilities	<u><u>887</u></u>

Net Position

Unrestricted Net Position	<u><u>\$ 341,484</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, 2011**

Operating Revenue	
Member Dues	\$ 9
Funds received from the City of Westerville	66,800
Total operating revenue	<u>66,809</u>
Operating Expenses	
Professional Consulting Expense	(16,375)
Miscellaneous Expenses	(10,531)
Total operating expenses	<u>(26,906)</u>
Total Operating Income	39,903
Nonoperating income	
Interest revenue	101
Total nonoperating income	<u>101</u>
Change in Net Position	40,004
Net Position, beginning of year	<u>301,480</u>
Net Position, end of year	<u>\$ 341,484</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, 2011**

Cash flows from operating activities	
Cash received from member dues	\$ 9
Cash received from City of Westerville	66,800
Cash dispersed for operating expenses	(10,531)
Cash received from loan repayment	15,507
Cash loan payments to businesses	(28,500)
Cash dispersed for professional consulting	<u>(15,488)</u>
Net cash provided by operating activities	<u>27,797</u>
Cash flows from investing activities	
Interest earned on investments	<u>101</u>
Net cash provided by investing activities	101
Net increase in cash and cash equivalents	27,898
Cash and cash equivalents, beginning of year	<u>74,580</u>
Cash and cash equivalents, end of year	<u><u>102,478</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	39,903
Changes in assets and liabilities:	
Increase in contracts payable	887
Increase in loans receivable	<u>(12,993)</u>
Net cash provided by operating activities	<u><u>\$ 27,797</u></u>

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, 2012 AND 2011**

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 position: unrestricted net position, temporarily restricted net position, and permanently restricted net position. As of December 31, 2012 and 2011 net position is 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

All cash is covered by the Federal Depository Insurance Corporation.

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 2012, loans of \$20,000 and \$31,900 were forgiven and for fiscal year 2011, 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.

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 income statement.

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012 AND 2011
(Continued)**

6. SUBSEQUENT EVENT

The City of Westerville appropriated \$200,000 to the Corporation in 2013 for the purpose of administering a Commercial and Industrial Energy Savings Program. The Board will review and approve the awarding of incentive funding to commercial and industrial customers for implementing energy efficiency projects.



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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 Westerville Industry and Commerce Corporation, Franklin County, Ohio, (a nonprofit corporation) (the Corporation) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2013.

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 initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

July 29, 2013



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WESTERVILLE INDUSTRY AND COMMERCE CORPORATION

FANKLIN 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 27, 2013**