



**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**



**Dave Yost • Auditor of State**



**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Whitehall Community Improvement Corporation  
Franklin County  
6895 E. Main Street  
Reynoldsburg, Ohio 43068

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Whitehall Community Improvement Corporation, Franklin County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statements 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 Whitehall Community Improvement 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 May 24, 2016, 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 style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 24, 2016

**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b><u>ASSETS</u></b>		
<i>Cash</i>	\$ 36,757	\$ 25,083
<i>Non-depreciable Assets</i>	27,028	27,028
<i>Building and Building Improvements, net</i>	<u>225,339</u>	<u>224,293</u>
<b>Total assets</b>	<u><u>\$ 289,124</u></u>	<u><u>\$ 276,404</u></u>
<b><u>NET ASSETS</u></b>		
<i>Unrestricted</i>	<u>289,124</u>	<u>276,404</u>
<b>Total net assets</b>	<u><u>\$ 289,124</u></u>	<u><u>\$ 276,404</u></u>

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

**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS:</b>		
<b>REVENUES</b>		
<i>Rents</i>	\$ 19,599	\$ 16,450
<i>Interest Income</i>	-	8
<i>Security Deposit</i>	2,200	-
<i>Earnest Money Refunded</i>	5,000	-
<i>Intergovernmental</i>	-	10,000
<i>Donated Property</i>	506,840	37,279
<i>Building Sales</i>	531,500	37,309
<i>Miscellaneous Revenue</i>	-	3,300
	1,065,139	104,346
<b>Total revenues</b>		
<b>EXPENSES</b>		
<i>Supporting Services</i>		
<i>Advertising</i>	-	2,500
<i>Bank Fees</i>	56	42
<i>Remittance of Property Sales</i>	471,279	15,856
<i>Realty Fees</i>	24,661	-
<i>Cleaning Costs</i>	4,075	1,800
<i>Dues</i>	-	100
<i>Filing Fees</i>	82	-
<i>Fiber System</i>	500	-
<i>Insurance</i>	1,677	1,587
<i>Inspections</i>	550	-
<i>Legal Fees</i>	25,620	600
<i>Security</i>	407	589
<i>Supplies</i>	229	3,751
<i>Trash Collections</i>	425	-
<i>Taxes Real Estate</i>	124	-
<i>Utilities</i>	5,190	7,160
<i>Earnest Money Deposit Expense</i>	5,000	10,000
<i>Building Cost of Sales</i>	506,840	37,279
<i>Depreciation</i>	5,704	3,873
	1,052,419	85,137
<b>Total expenses</b>		
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	12,720	19,209
<b>NET ASSETS, BEGINNING OF YEAR</b>	276,404	257,195
<b>NET ASSETS, END OF YEAR</b>	\$ 289,124	\$ 276,404

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



**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 12,720	\$ 19,209
<i>Adjustment to reconcile to change in net assets</i>		
<i>Depreciation</i>	5,704	3,873
Net cash generated by operating activities	18,424	23,082
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<i>Purchase of building improvements</i>	(6,750)	(73,231)
Net cash used in investing activities	(6,750)	(73,231)
Net increase (decrease) in cash	11,674	(50,149)
<b>CASH, BEGINNING OF YEAR</b>	25,083	75,232
<b>CASH, END OF YEAR</b>	\$ 36,757	\$ 25,083

**NONCASH TRANSACTIONS**

During fiscal years 2014 and 2013, the Corporation received \$506,840 and \$37,279 of donated property, respectively.

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

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**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

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

**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Activities**

The Whitehall Community Improvement Corporation (the Corporation) was incorporated on February 3, 1984. The Corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial, and civic development of the City of Whitehall, Ohio. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**B. Basis of Accounting**

The financial statements of the Corporation have been prepared on an accrual basis of accounting and accordingly reflect all significant assets and liabilities.

**C. Income Taxes**

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and Chapters 1702 and 1724 of the Ohio Revised Code.

**D. Basis of Presentation**

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, *Financial Statement of Non-for-Profit Organizations*. Under ASC 958, 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. No temporarily restricted or permanently restricted net assets were held and, accordingly, these financial statements do not reflect any activity related to these classes of net assets. As permitted by this statement, the Corporation does not use fund accounting.

**E. Use of Estimates**

The preparation of financial statement 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.

**F. Cash Deposits**

At December 31, 2013, the bank balance was \$25,082. At December 31, 2014, the bank balance was \$63,526. These balances were fully covered by the Federal Deposit Insurance Corporation (FDIC)

**G. Property and Equipment**

Acquisitions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost or, if donated, at the approximate fair value of the date of donation.

Depreciation is computed using primarily the straight-line method. All reported capital assets, except land, are depreciated. Depreciation on the building and building improvements is calculated over a useful life of 40 years.

**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

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

**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**G. Property and Equipment (continued)**

The Corporation had building improvement additions of \$73,231 and \$6,750 during fiscal years 2013 and 2014 respectively.

Additionally, the Corporation received donated property totaling \$37,279 and \$506,840 during fiscal years 2013 and 2014, respectively. These properties are reported as donated property revenue and additions of capital assets. These properties were sold in the same fiscal year and reported as building cost of sales expense and capital asset deletions.

Depreciation expense for the years ended December 31, 2014 and 2013 were \$5,704 and \$3,873 respectively.

**H. Rental Income**

Rental Income is received from tenants leasing space in a commercial building located at 538 South Yearling Road. Rental income is recognized on a straight line basis over the term of the leases.

**2. RISK MANAGEMENT**

The Corporation is subject to certain types of risk in the performance of its normal functions. The Corporation manages these types of risks through commercial insurance. The amount of settlements has not exceeded coverage for any of the past three years. There has not been a significant reduction of coverage since the prior year in any of the major categories of risk.

**3. RELATED PARTY TRANSACTIONS**

The City of Whitehall (the City) provides a material portion of the Corporation's funding. During fiscal year ending December 31, 2013, the City paid the Corporation \$10,000 to promote economic development. During fiscal years ending December 31, 2014 and 2013, the City donated properties valued at \$506,840 and \$37,279, respectively, to the Corporation. The Corporation sold these properties and remitted the net proceeds of the sales back to the City. During fiscal years ending December 31, 2014 and 2013, the Corporation made \$471,279 and \$15,856, respectively, in remittances to the City.

**4. SUBSEQUENT EVENT**

The Corporation received donated property at 115 S. Shumaker Lane with a cost basis of \$25,000 from the City of Whitehall on July 9, 2015. The Corporation transferred this property to the Central Ohio Community Improvement Corporation on the same day.

**5. RESTATEMENT OF NET ASSETS**

The Corporation restated beginning net assets at January 1, 2013 due to adjustments to properly state beginning capital assets.

Net Assets December 31, 2012	\$260,399
Decrease in Beginning Capital Assets	<u>(3,204)</u>
Net Assets, January 1, 2013	\$257,195



# 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*

Whitehall Community Improvement Corporation  
Franklin County  
6895 E. Main Street  
Reynoldsburg, Ohio 43068

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 Whitehall Community Improvement Corporation, Franklin County, Ohio (the Corporation) (a not-for-profit 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 May 24, 2016.

### ***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2014-001 and 2014-004 to be material weaknesses.

***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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-001 through 2014-003.

***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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 24, 2016

**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Capital Assets – Noncompliance and Material Weakness**

**Ohio Admin. Code §117-2-02(D)(4)(c)** states, in part, that the Corporation should maintain a capital assets record that includes information, such as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, and etc.), asset description, location, and tag number. This section also stipulates the Corporation should establish a capitalization threshold so that eighty per cent of the total non-infrastructure assets are identified, classified, and recorded in the Corporation's financial records.

Additionally, the Corporation should establish a capital asset policy that covers capitalization threshold, adding or removing assets and useful lives for each asset type.

An actual capital asset record is not maintained by the Corporation that complies with the aforementioned requirement. In addition, the Corporation has not established a capital asset policy.

The lack of maintaining an accurate capital asset record or policy could result in the loss or misappropriation of Corporation's assets, and increases the risk of fraud.

We recommend the Corporation establish a capitalization asset policy and maintain a capital asset record that includes all the required elements, including the original cost, acquisition date, description, voucher number, the asset type (e.g., land, vehicle, equipment, etc.) and location, and tag number. Once developed, the record should be updated for items purchased and for items disposed.

**FINDING NUMBER 2014-002**

**Supporting Documentation – Noncompliance**

**Ohio Rev. Code §149.351** states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law."

The Corporation failed to maintain supporting documentation for two disbursements and two receipts tested during 2013. Procedures were performed to determine the expenses were for a proper public purpose.

Failure to maintain adequate documentation could increase the risk of fraud, inaccurate financial statements, and expenditures that are not for a proper public purpose.

We recommend the Corporation ensure proper supporting documentation is retained to evidence all expenditures made and receipts received.

**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**FINDING NUMBER 2014-003**

**Filing of Annual Financial Report – Noncompliance**

**Ohio Rev. Code §1724.05** states that community improvement corporation must prepare an annual financial report in accordance with generally accepted accounting principles (GAAP) and must file this annual report within 120 days following the close of fiscal year end. Additionally the financial report shall be published on the Corporation's website, or if the Corporation does not have a website, on the website of the county in which the Corporation is located.

The Corporation did not file its annual GAAP financial report to the Auditor of State for fiscal year ending December 31, 2013 or 2014. Additionally the Corporation did not post their financial statements on the County website.

Failure to timely file their financial reports with the Auditor of State and publish them online could result in the Corporation's Articles of Incorporation being canceled by the Secretary of State.

We recommend the Corporation file their annual GAAP financial report to the Auditor of State within 120 days of fiscal year end and ensure the filing is accurate and complete. Additionally we recommend the Corporation publish their financial reports online.

**FINDING NUMBER 2014-004**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the Corporation's Treasurer and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustments were material to the Corporation's financial statements and were adjusted on the financial statements and posted to the Corporation's accounting records:

- Reclassification of \$17,450 from building sales to intergovernmental revenue for \$10,000, to miscellaneous revenue for \$3,300 and to Rental Income for \$4,150 for fiscal year 2013.
- Adjustment to book earnest deposit expense and remove swimland deposit asset for \$10,000 in 2013.
- Adjustment to decrease beginning net assets by \$73,231 and decrease building renovation costs for \$67,006 and equipment costs - building for \$6,225 in 2013 and beginning net assets and building renovation costs for \$6,750 in 2014.
- Adjustment to gross-up cost of donated property expense and donated property revenues for \$37,279 in 2013 and \$506,840 and to bring on the noncash transaction in 2014.
- Adjustment to remove the negative security deposit liability and decrease beginning net assets for \$1,300 in 2013 and to remove the security deposit liability and increase beginning net assets for \$5,450 in 2014.
- Adjustment to book depreciation expense and accumulated depreciation on depreciable capital assets for \$3,873 in 2013 and \$5,704 in 2014.
- Reclassification of depreciable capital assets as non-depreciable capital assets of \$27,028 in 2013 and 2014.
- Adjustment to increase building sales revenues and realty fees expense by \$24,661 in 2014.

Also, building sales revenues and realty fees expense is understated by \$2,721 in 2013. This was not material to the Corporation's financial statements and was not adjusted or posted to the Corporation's accounting records.



**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**FINDING NUMBER 2014-004 (continued)**

**Financial Reporting – Material Weakness (continued)**

Lack or failure of controls in place over the posting of financial transactions and financial reporting can result in errors that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Corporation develop and enhance policies and procedures over financial reporting to help ensure the information accurately reflects the activity of the Corporation and thereby increasing the reliability of the financial data and reporting.

We did not receive a response from Officials to the findings reported above.

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**WHITEHALL COMMUNITY IMPROVEMENT CORPORATION**

**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  
JUNE 21, 2016**