



Dave Yost • Auditor of State

**EVENDALE COMMUNITY IMPROVEMENT CORPORATION
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Evendale Community Improvement Corporation
Hamilton County
10500 Reading Road
Evendale, Ohio 45241

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Evendale Community Improvement Corporation, Hamilton County, Ohio, (the 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, 2017 and 2016, 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 the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 such 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 the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Evendale Community Improvement Corporation, Hamilton County, Ohio, as of December 31, 2017 and 2016, 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 Matters

Required Supplementary Information

The Corporation has presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2018, 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.



Dave Yost
Auditor of State

Columbus, Ohio

August 10, 2018

Evendale Community Improvement Corporation
Management’s Discussion and Analysis
For the Year Ended December 31, 2017 and December 31, 2016
(Unaudited)

This discussion and analysis, along with the accompanying financial report, of the Evendale Community Improvement Corporation (the “Corporation”) is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities.

Financial Highlights

- The total net position of the Corporation on December 31, 2017 was \$124,549 and \$52,421 for December 31, 2016.
- The Corporation had interest income of \$423 for December 31, 2017 and \$267 for December 31, 2016.
- The Corporation had \$125,000 for deferred inflows of resources in 2017 and \$125,000 for deferred inflows of resources in 2016.

Overview of Basic Financial Statements

The Corporation is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The Statement of Financial Position includes all of the Corporation's Assets and Deferred Outflows of Resources, and Liabilities and Deferred Inflows of Resources. This statement provides information about the nature and amounts of investments in resources (assets) owned by the Corporation, and obligations owed by the Corporation (liabilities). The Corporation's net position (equity) is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

The Statement of Activities provides information on the Corporation's operations over the past year. Revenues are reported when earned and expenses are reported when incurred.

The Statements of Cash Flows provides information about the Corporation's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing and financing activities.

Net Position

Table 1 summarizes the Net Position of the Corporation.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Cash and Cash Equivalents	\$124,549	\$52,421	\$44,316
Account Receivable	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Total Assets	<u>249,549</u>	<u>177,421</u>	<u>169,316</u>
Deferred Inflow of Resources:			
Unavailable Revenue	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Total Deferred Inflow of Resources	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>
Net Position:			
Unrestricted	<u>124,549</u>	<u>52,421</u>	<u>44,316</u>
Total Net Position	<u>\$124,549</u>	<u>\$52,421</u>	<u>\$44,316</u>

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(Unaudited)

The Corporation had \$125,000 in accounts receivable and deferred inflow of resources at year end for 2017, 2016 and 2015, see note 4 in the notes to the basic financial statements for more information.

Statement of Revenues, Expenses, and Changes in Net Position

Table 2 below summarizes the changes in revenues and expenses and the resulting change in net position.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues:			
Contributions from Village of Evendale	\$150,000	\$75,000	\$75,000
Sale of Real Estate	94,327	0	0
Grants	9,500	0	0
	<u>253,827</u>	<u>75,000</u>	<u>75,000</u>
Total Operating Revenues			
Operating Expenses:			
Bank Service Fees	15	7	0
Professional and Consulting Fees	86,600	66,630	46,465
Purchase of Real Estate	94,332	0	0
Auditor Fees	1,175	525	0
	<u>182,122</u>	<u>67,162</u>	<u>46,465</u>
Total Operating Expenses			
Non-Operating Revenues:			
Interest Income	423	267	380
	<u>423</u>	<u>267</u>	<u>380</u>
Total Non-Operating Revenues			
Changes in Net Position	72,128	8,105	28,915
Net Position - Beginning of Year	52,421	44,316	15,401
Net Position - End of Year	<u>\$124,549</u>	<u>\$52,421</u>	<u>\$44,316</u>

The Corporation had a contribution from the Village of Evendale (see note 3 in the notes to the financial statement for additional information) for years 2017, 2016 and 2015. In 2017 the Corporation had grants revenue, bank service fees, professional (accounting) and consulting fees, purchase of real estate expenses, auditor fees and interest income (a non-operating revenue) on a money market account. In 2016 the Corporation had bank service fees, professional (accounting) and consulting fees, auditor fees and interest income (a non-operating revenue) on a money market account for 2016. In 2015 the Corporation had professional (accounting) and consulting fees, and interest income (a non-operating revenue) on a money market account for 2015.

Total revenues increased due to increased contribution received during 2017. Expenses also rose due to the Corporation contracting with the Saint Francis Group, Red Tiger Investments LLC and PEDCO for consulting services (see note 3 in the notes to the financial statement for additional information).

The Corporation entered into an incentive agreement with Gold Medal in 2012 for the amount of \$125,000, see note 4 in the notes to the financial statement for additional information.

Evendale Community Improvement Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2017 and December 31, 2016
(Unaudited)

Capital Assets and Debt Obligations

The Corporation had no capital assets or debt obligations at year end 2017, 2016 and 2015.

Contact Information

Questions regarding this report and requests for additional information should be forwarded to David W. Elmer, MPA, Director of Administrative Services, Village of Evendale, 10500 Reading Road, Evendale, Ohio 45241.

Evendale Community Improvement Corporation
Statement of Net Position
December 31, 2017 and December 31, 2016

	<u>2017</u>	<u>2016</u>
Assets:		
Cash and Cash Equivalents	\$124,549	\$52,421
Receivables:		
Accounts	<u>125,000</u>	<u>125,000</u>
Total Assets	<u>249,549</u>	<u>177,421</u>
Deferred Inflows of Resources:		
Unavailable Revenue	<u>125,000</u>	<u>125,000</u>
Total Deferred Inflows of Resources	<u>125,000</u>	<u>125,000</u>
Net Position:		
Unrestricted	<u>124,549</u>	<u>52,421</u>
Total Net Position	<u><u>\$124,549</u></u>	<u><u>\$52,421</u></u>

See accompanying notes to the financial statements.

Evendale Community Improvement Corporation
Statement of Activities
For the Fiscal Year Ended December 31, 2017 and December 31, 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues:		
Contributions from Village of Evendale	\$150,000	\$75,000
Grants	9,500	0
Sale of Real Estate	<u>94,327</u>	<u>0</u>
Total Operating Revenues	<u>253,827</u>	<u>75,000</u>
Operating Expenses:		
Bank Service Fees	15	7
Professional and Consulting Fees	86,600	66,630
Purchase of Real Estate	94,332	0
Auditor Fees	<u>1,175</u>	<u>525</u>
Total Operating Expenses	<u>182,122</u>	<u>67,162</u>
Operating Income (Loss)	<u>71,705</u>	<u>7,838</u>
Non-Operating Revenues:		
Interest Income	<u>423</u>	<u>267</u>
Change in Net Position	72,128	8,105
Net Position - Beginning of Year	<u>52,421</u>	<u>44,316</u>
Net Position - End of Year	<u><u>\$124,549</u></u>	<u><u>\$52,421</u></u>

See accompanying notes to the financial statements.

Evendale Community Improvement Corporation
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2017 and December 31, 2016

	2017	2016
Cash Flows from Operating Cash Receipts and Payments:		
Cash Receipts from Contributions	\$150,000	\$75,000
Cash Receipts from Grants	9,500	0
Cash Receipts from Sale of Real Estate	94,327	0
Cash Paid for Bank Service Fees	(15)	(7)
Cash Paid for Professional and Consulting Fees	(86,600)	(66,630)
Cash Paid for Purchase of Real Estate	(94,332)	0
Cash Paid for Auditor Fees	(1,175)	(525)
Net Cash Provided (Used) by Operating Cash Receipts and Payments	71,705	7,838
Cash Flows from Investing Activities:		
Interest Income	423	267
Net Cash Provided by Cash Flows from Investing Activities	423	267
Net Increase (Decrease) in Cash and Cash Equivalents	72,128	8,105
Cash and Cash Equivalents - Beginning of Year	52,421	44,316
Cash and Cash Equivalents - End of Year	124,549	52,421
Reconciliation of Change in Net Position to Cash Receipts and Payments		
Operating Income	71,705	7,838
Changes in Assets and Liabilities	0	0
Net Cash Provided (Used) by Operating Cash Receipts and Payments	\$71,705	\$7,838

See accompanying notes to the financial statements.

Evendale Community Improvement Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017 and December 31, 2016

Note 1 – Nature of Organization and Reporting Entity

The Village of Evendale Council, in order to promote the general welfare of the citizens of the Village of Evendale, has adopted ordinance No. 23-74 and designated Evendale Community Improvement Corporation (the “Corporation”) as the agency responsible for industrial, economic, civic, commercial, distribution, and research development in the Village of Evendale, Ohio.

The Evendale Community Improvement Corporation, a non-profit corporation, was organized on May 16, 1974 in the manner provided for in Section 1724.10 of the Ohio Revised Code.

Note 2 – Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements is as follows:

Basis of Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to non-profit organizations.

Financial statement presentation follows 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.

At December 31, 2017 and 2016 the Corporation had only unrestricted net position.

Measurement Focus and Basis of Accounting

The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the balance sheet. The operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The Corporation uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation had no deferred outflows in 2017 and 2016.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future

Evendale Community Improvement Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017 and December 31, 2016

period and will not be recognized as an inflow of resources (revenue) until that time. For the Corporation, deferred inflows of resources include unavailable revenue, which includes the agreed amount conveyed to Gold Medal as discussed in detail in Note 4, for 2017 and 2016.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less.

The Corporation had a money market account with check writing abilities and a share account for 2017 and for 2016.

Estimates

Management uses estimates and assumptions in preparing the financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Note 3 - Financial Support by Village Of Evendale Council

During 2017, the Village of Evendale made a contribution of \$150,000 to the Corporation, which the Corporation used, in part, to renew the contract with the Saint Francis Group (SFG), Red Tiger Investments LLC (RTI) and enter into a contract with PEDCO for the AeroHub Site Master Plan. The contracts with SFG and RTI are for both of them to serve as a general sounding boards on real estate, development, construction and real estate matters to provide an outside perspective and market expertise regarding the Corporation's conceptual and schematic plans with third-party designers. They will be available to help the Corporation think through decisions regarding engineering and third-party vendors. If it is determined that some additional capacity and/or attention is needed, SFG and RTI are both well positioned to do so on both a strategic and granular levels, and the engagements can be amended as needed to provide these services. RTI is paid a monthly retainer fee of \$3,500. SFG was paid a monthly retainer fee of \$2,000 and was entitled to additional compensation (success fees), if certain criteria are met, per the agreement between the Corporation and SFG for Property #1 - NE Corner of Reading Road & Inwood Drive, Property #2 - SE Corner of Reading Road & Inwood Drive, and Property #7 - SW Corner of I-75 & Glendale Milford Road. The success fees are \$2,000 for every acre sold, leased, or transferred not to exceed \$25,000 for Properties #1, #2 and #7. This agreement with SFG ended February 28, 2017. On April 1, 2017 the Corporation and SFG entered into a new three month agreement in which SFG was paid \$10,000 monthly for advisory services concerning the AeroHub project a state-of-the-art advanced manufacturing, office, research and development park. This agreement ended in June 2017. The Corporation also entered into a contract with PEDCO for the development of an AeroHub Site Master Plan. The base fee is \$78,000 invoiced monthly based on percentage complete.

The Village of Evendale has committed to provide support to the Corporation by providing the funds needed by the Corporation to pledge as collateral for loans made to companies locating in the Village of Evendale by local financial institutions. At December 31, 2017 and 2016 the Corporation had not pledged collateral for any such loans.

Evendale Community Improvement Corporation
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017 and December 31, 2016

Note 4 – Accounts Receivable

The Corporation agreed to convey to Gold Medal Products Company (“Gold Medal”) the sum of \$125,000 for such funds to be used to assist in the activities to be undertaken by Gold Medal upon acquisition of the property at 10601 Medallion Drive. On completion of the acquisition of the property, Gold Medal will renovate the property by re-caulking all joints, painting the exterior of the building, updating landscaping, modify and improve signage, repairing roof, stabilizing concrete walls, repairing leaking windows, seal coat parking lot, fix retaining wall, install dock door screens, and update and install video and security monitoring. Gold Medal may repair the footers, install an earthen levy to control flooding, renovate the office area and install new plumbing and infrastructure to support the new use of the building purchased.

Gold Medal currently maintains a full-time equivalent workforce of approximately 356 employees within the Village of Evendale which produced \$230,334.00 in withholding tax revenue to the Village of Evendale in 2017 and \$228,523.82 in 2016. Gold Medal will utilize its best efforts to ensure that the earnings tax revenue received by the Village of Evendale from Gold Medal employees with the Village of Evendale remains at or above the 2011 earning tax revenue base from each year from 2012 through 2017. Should a reduction of employment within the Village of Evendale by Gold Medal to a level below that recited above be desirable due to changing market conditions or occur because of employee retirements (and thus result in a lower withholding tax revenue than that cited above), this obligation shall be forgiven, provided, however, that such reduction in this case was not due to job transfers from the Village of Evendale to any other location, either domestic or foreign. Gold Medal agrees that it will annually provide the Village of Evendale with a report by January 30th of each year of its total full-time equivalent employment in the Village of Evendale and worldwide and specifically include in the report the total earnings tax paid to the Village of Evendale for the proceeding year. Should the earnings tax revenue to the Village of Evendale fall below a total annual payment of \$170,691.79 as a result of job transfers from the Village of Evendale by Gold Medal as stated above, Gold Medal shall be obligated to pay the Village of Evendale the difference (the total payments of which, if any, shall never exceed the amount originally paid to Gold Medal of \$125,000). Gold Medal shall maintain its corporate headquarters in the Village of Evendale through calendar year 2017.

During 2017 and 2016, Gold Medal met the above requirements.

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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*

Evendale Community Improvement Corporation
Hamilton County
10500 Reading Road
Evendale, Ohio 45241

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 Evendale Community Improvement Corporation, Hamilton County, Ohio (the Corporation) as of and for the year ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated August 10, 2018.

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 '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 '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 '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 report 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

August 10, 2018



Dave Yost • Auditor of State

EVENDALE COMMUNITY IMPROVEMENT CORPORATION

HAMILTON 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 28, 2018**