



**Mary Taylor, CPA**  
Auditor of State



**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION  
FRANKLIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying basic financial statements of Westerville Industry and Commerce Corporation, Franklin County, Ohio (the Corporation), as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westerville Industry and Commerce Corporation, Franklin County, Ohio, as of December 31, 2008 and 2007, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 27, 2009

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Assets**

**Current Assets:**

Cash	\$ 187,022
Loans Receivable	25,000
	<u>212,022</u>

**Noncurrent Assets:**

Loans Receivable	<u>103,000</u>
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**Total Assets**

\$ 315,022

Unrestricted Net Assets

\$ 315,022

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, 2008**

<b>Operating Revenue</b>	
Member Dues	\$ 8
Funds received from the City of Westerville	<u>150,000</u>
<b>Total operating revenue</b>	<u>150,008</u>
<b>Operating Expenses</b>	
Forgiven Loan Expense	35,000
Professional Consulting Expense	1,950
Miscellaneous Expenses	<u>16</u>
<b>Total operating expenses</b>	<u>36,966</u>
<b>Total Operating Income</b>	113,042
<b>Nonoperating income</b>	
Interest revenue	<u>3,155</u>
<b>Change in Net Assets</b>	116,197
<b>Net Assets, beginning of year</b>	<u>198,825</u>
<b>Net Assets, end of year</b>	<u><u>\$ 315,022</u></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, 2008**

<b>Cash flows from operating activities</b>	
Cash received from member dues	\$ 8
Cash received from City of Westerville	150,000
Cash dispersed for operating expenses	(16)
Cash loan payments to businesses	(53,000)
Cash dispersed for professional consulting	<u>(1,950)</u>
<b>Net cash provided by operating activities</b>	<u>95,042</u>
<b>Cash flows from investing activities</b>	
Interest earned on investments	<u>3,155</u>
<b>Net cash provided by investing activities</b>	<u>3,155</u>
<b>Net increase in cash and cash equivalents</b>	98,197
<b>Cash and cash equivalents, beginning of year</b>	<u>88,825</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 187,022</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
<b>Operating income</b>	113,042
<b>Changes in assets and liabilities:</b>	
Decrease (increase) in loans receivable	<u>(18,000)</u>
<b>Net Cash provided by operating activities</b>	<u><u>\$ 95,042</u></u>

**Non-Cash: The Corporation forgave a \$35,000 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**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Assets**

**Current Assets:**

Cash	\$ 88,825
Loans Receivable	60,000
	<u>148,825</u>

**Noncurrent Assets**

Loans Receivable	50,000
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**Total Assets**

\$ 198,825

Unrestricted Net Assets

\$ 198,825

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, 2007**

<b>Operating Revenue</b>	
Member Dues	\$ 7
	<hr/>
<b>Total operating revenue</b>	7
	<hr/>
<b>Operating Expenses</b>	
Miscellaneous Expenses	1,398
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<b>Total operating expenses</b>	1,398
	<hr/>
<b>Operating Loss</b>	(1,391)
<b>Nonoperating income (expenses)</b>	
Interest revenue	2,723
	<hr/>
<b>Change in Net Assets</b>	1,332
<b>Net Assets, beginning of year</b>	197,493
	<hr/>
<b>Net Assets, end of year</b>	\$ 198,825
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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 CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>Cash flows from operating activities</b>	
Cash received from member dues	\$ 7
Cash dispersed for operating expenses	(1,398)
Cash loan payments to businesses	<u>(30,000)</u>
<b>Net cash used by operating activities</b>	(31,391)
<b>Cash flows from investing activities</b>	
Interest earned on investments	<u>2,723</u>
<b>Net cash provided by investing activities</b>	2,723
<b>Net decrease in cash and cash equivalents</b>	(28,668)
<b>Cash and cash equivalents, beginning of year</b>	<u>117,493</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 88,825</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
<b>Operating loss</b>	(1,391)
<b>Changes in assets and liabilities:</b>	
Decrease (increase) in loans receivable	<u>(30,000)</u>
<b>Net Cash used by operating activities</b>	<u><u>\$ (31,391)</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 BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**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 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, 2008 and 2007 net assets are unrestricted.

**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 AND CASH EQUIVALENTS**

Cash is secured 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 2008, a loan of \$35,000 was 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.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the basic financial statements of Westerville Industry and Commerce Corporation, Franklin County, Ohio (the Corporation) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated March 27, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Corporation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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, providing an opinion 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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 and 2008-002.

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 27, 2009



**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Material Noncompliance**

**Tax Filing Requirements**

Title 26 of the Internal Revenue Code (IRS) requires certain not-for-profit corporations who are tax-exempt to annually file a Form 990 with the IRS if their gross receipts exceed \$25,000. Should a Corporation not be exempt from Federal taxation, it should annually file Form 1120 (corporate income tax return) with the IRS. Pursuant to Ohio Rev. Code Section 109.31 & Ohio Admin. Code Section 109:1-1-04, certain charitable organizations must also file an annual report with the Ohio Attorney General, if their gross receipts exceed \$5,000 or their gross assets exceed \$15,000. A copy of a Form 990 will meet this requirement.

The Corporation did not file with the IRS or the Ohio Attorney General for 2008 or 2007. The Corporation's gross receipts exceeded \$25,000 in 2008 and their gross assets exceeded \$15,000 in both 2008 and 2007.

We recommend the Corporation annually file Form 990 with the IRS and file an annual report or an IRS Form 990 with the Ohio Attorney General's Office.

**Officials' Response:**

At its January 2009 meeting, the WICC Board of Trustees authorized staff to retain the services of a CPA firm to address this audit citation. This firm has since been retained, the process underway, and a resolution is expected by this time next year.

**FINDING NUMBER 2008-002**

**Material Noncompliance**

**Not-for-Profit Status**

Ohio Rev. Code Section 1724.08 requires all Community Improvement Corporations to register as not-for-profit Ohio corporations under Chapter 1702, which exempts them from Ohio income tax. To receive Federal tax exemption, corporations must file for an application for recognition of exemption. Corporations can often qualify for exemption under Internal Revenue Code Sections 501(c)(3) or (c)(4).

The Corporation has not filed for Federal tax exemption.

We recommend the Corporation file for Federal tax exemption.

**Officials' Response:**

At its January 2009 meeting, the WICC Board of Trustees authorized staff to retain the services of a CPA firm to address this audit citation. This firm has since been retained, the process underway, and a resolution is expected by this time next year.

**WESTERVILLE INDUSTRY AND COMMERCE CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Tax Filing Requirements	No	Not corrected – reissued as finding # 2008-001
2006-002	Not-for-Profit Status	No	Not corrected – reissued as finding # 2008-002



Mary Taylor, CPA  
Auditor of State

**WESTERVILLE INDUSTRY AND COMMERCE 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 2, 2009**