



Dave Yost • Auditor of State



**GOSHEN COMMUNITY IMPROVEMENT CORPORATION  
CLERMONT COUNTY**

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# Dave Yost • Auditor of State

## ACCOUNTANT'S REPORT

Goshen Community Improvement Corporation  
Clermont County  
PO Box 262  
Goshen, Ohio 45122

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files, and reports of the Goshen Community Improvement Corporation, Clermont County, Ohio (the Corporation), for the years ended December 31, 2012 and 2011 following Ohio Administrative Code Section 117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

The report is intended solely for the information and use of management, the Corporation Board, and other officials authorized to receive this report under Section 117.26, of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

Columbus, Ohio

January 20, 2015

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**Goshen Community Improvement Corporation**  
**Clermont County**  
*Statement of Net Position*  
*December 31, 2012 and 2011*

	2012	2011
<b>Assets</b>		
<i>Current Assets:</i>		
Equity in Cash and Cash Equivalents	\$417	\$3,119
<i>Total Current Assets</i>	417	3,119
<i>Noncurrent Assets:</i>		
<i>Capital Assets:</i>		
Land	339,200	339,200
<i>Total Noncurrent Assets</i>	339,200	339,200
<i>Total Assets</i>	339,617	342,319
<b>Liabilities</b>		
<i>Current Liabilities:</i>		
Real Estate Taxes (Delinquent) Payable	2,988	0
<i>Total Liabilities</i>	2,988	0
<b>Net Position</b>		
Net Investment in Capital Assets	339,200	339,200
Unrestricted	(2,571)	3,119
<i>Total Net Position</i>	\$336,629	\$342,319

See accompanying notes to the financial statements

**Goshen Community Improvement Corporation**  
**Clermont County**  
*Statement of Revenues, Expenditures and Change in Net Position*  
*For the Years Ended December 31, 2012 and 2011*

	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>	\$0	\$0
<b>Expenses:</b>		
Administrative and General Operating	5,690	8,054
<i>Total Expenses</i>	5,690	8,054
<i>Change in Net Position</i>	(5,690)	(8,054)
<i>Net Position Beginning of Year</i>	342,319	350,373
<i>Net Position End of Year</i>	\$336,629	\$342,319

See accompanying notes to the basic financial statements



**Goshen Community Improvement Corporation**  
**Clermont County**  
*Statement of Cash Flows*  
For the Years Ended December 31, 2012 and 2011

	2012	2011
<b>Cash Flows From Operating Activities</b>		
Excess (Deficiency) of Revenues over Expenses	(\$2,702)	(\$8,054)
<i>Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by (Used in) Operating Activities</i>	-	-
Net Cash Provided by (Used in) Operating Activities	(2,702)	(8,054)
Net Increase (Decrease) in Cash	(2,702)	(8,054)
Equity in Cash and Cash Equivalents - Beginning of Year	3,119	11,173
Equity in Cash and Cash Equivalents - End of Year	\$417	\$3,119
<b>Reconciliation of Change in Net Position to Net Cash Provided by (Used in) Operating Activities:</b>		
Change in Net Position	(\$5,690)	(\$8,054)
<b>Adjustments to Reconcile Change in Net Position to Net Cash Provided by (Used in) Operating Activities:</b>		
<b>Changes in Liabilities</b>		
Increase (Decrease) in Real Estate Taxes (Delinquent) Payable	2,988	-
Total Adjustments	2,988	-
Net Cash Used in Operating Activities	(\$2,702)	(\$8,054)

See accompanying notes to the basic financial statements

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**GOSHEN COMMUNITY IMPROVEMENT CORPORATION  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Goshen Community Improvement Corporation, Clermont County, Ohio (the Corporation) was founded on December 12, 2007 for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Township.

**Basis of Accounting**

The accompanying financial statements of the Corporation have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles. Accordingly, net position of the Corporation and changes therein are classified and reported as follows:

Unrestricted net position – Net position that is not subject to donor-imposed stipulations.

**Donated Materials**

The Corporation records the value of donated goods or services used in the operations of the Corporation when there is an objective basis available to measure their value. Donated materials used by the Corporation are reflected as contributions at their estimated value at date of receipt.

**Cash Equivalents**

Cash and Cash Equivalents consist of cash in checking accounts. Fair value approximates carrying value. The bank balance at December 31, 2012 and 2011 was \$417 and \$3,119, respectively.

**GOSHEN COMMUNITY IMPROVEMENT CORPORATION  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**B. BUSINESS AND SUPPORT CONCENTRATIONS**

The Corporation had no income during the audit period.

**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.

**Income Taxes**

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code. Therefore, no provision for income taxes has been made in these financial statements.

The Corporation is not a private foundation as defined by Section 509(a) of the Internal Revenue code. Newly effective accounting standards prescribe when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken in a tax return. The standards require that a tax position be recognized or derecognized base on a "more likely than not" threshold. Based on management's evaluation, the Corporation does not believe its financial statements include any uncertain tax positions. Further, no interest or penalties have been accrued or charged to expense as of December 31, 2012 and 2011 or for the year then ended.

The Corporation's federal tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they are filed. As of December 31, 2012 and 2011, the following tax years are subject to examination.

<u>Jurisdiction</u>	<u>Tax Return</u>	<u>Open Years for Filed Returns</u>
Federal	Form 990	2009-2011

**GOSHEN COMMUNITY IMPROVEMENT CORPORATION  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**C. PROPERTY**

All capital assets held by the Corporation were land properties with no buildings. The Corporation owns no other type of capital assets such as furniture, equipment, or vehicles.

Capital Assets:	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2012
Capital Assets Not Being Depreciated				
Land	\$339,200	\$0	\$0	\$339,200
Total Capital Assets Not Being Depreciated	<u>\$339,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$339,200</u>

**D. REAL ESTATE TAXES PAYABLE**

The Corporation did not pay all of the real estate property taxes assessed on land owned by the Corporation due in 2012.

Real Estate Taxes Payable: (Delinquent)	Balance 1/1/2011	2012 Additions	Deletions	Balance 12/31/2012
	\$0	\$2,988	\$0	\$2,988
Total Real Estate Taxes Payable:	<u>\$0</u>	<u>\$2,988</u>	<u>\$0</u>	<u>\$2,988</u>

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# Dave Yost • Auditor of State

## ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Goshen Community Improvement Corporation  
Clermont County  
PO Box 262  
Goshen, Ohio 45122

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files and reports of the Goshen Community Improvement Corporation, Clermont County, Ohio (the Corporation), for the years ending December 31, 2012 and 2011 following Ohio Administrative Code Section 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### ***Internal Control over Financial Reporting***

During our procedures related to the internal control over financial reporting we noted a matter that, in our judgment, could adversely affect the Corporation's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, this matter could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. This matter is described in the Schedule of Findings as item 2012-001.

### ***Compliance and Other Matters***

We tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Corporation, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying Schedule of Findings as items 2012-001 and 2012-002.

Goshen Community Improvement Corporation  
Clermont County  
Accountant's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Page 2

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

January 20, 2015



**GOSHEN COMMUNITY IMPROVEMENT CORPORATION  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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**FINDING NUMBER 2012-001**

**Noncompliance/Control Weakness**

The Goshen Community Improvement Corporation ("GCIC") was formed in December 2007 under **Ohio Rev. Code, § 1702**, and was designated a community improvement corporation under **Ohio Rev. Code, § 1724**, for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Township. In 2008, Goshen Township designated the GCIC an agent of the Township for industrial, commercial, distribution and research development in the Township and the entities entered in to an agreement.

**Ohio Rev. Code, § 149.43 (B) (1) and (2)**, require that: all public records responsive to requests be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours; a public office or person responsible for public records shall make copies of the requested public record available at cost and within a reasonable period of time; a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with Ohio Revised Code requirements; and a public office also shall have available a copy of its current records retention schedule at a location readily available to the public.

Subsequent to the formation of the GCIC, the GCIC board and Goshen Township took the following actions:

- In March 16, 2010, the Goshen Township board of trustees approved a resolution to provide to the GCIC a notice of intent to disengage from their agreement with the GCIC.
- On April 13, 2011, the GCIC approved a motion to complete the separation from the Township as submitted by Goshen Township in March 2010 and for the entity to become a 'private entity' with a name change to Goshen Community Development Corporation ("GCDC") and to move forward with filing paperwork with the Ohio Secretary of State.
- In April 2011 the GCIC filed (as the GCDC) with the Ohio Secretary of State revised articles of incorporation stating the purpose and activities of the GCIC related to various sections of Internal Revenue Code section 501; however, the revised articles of incorporation did not include references to the Ohio Revised Code Sections related to ether community improvement corporations or development corporations.
- In June, 2011, the GCIC transferred cash from a bank account in the name of GCIC to an account in the name of the GCDC, and in October 2011, three parcels of property were transferred via quit claim deed from the GCIC to the GCDC.
- In October 2013, the GCIC (acting as the GCDC) passed a resolution adopting an amendment to the articles of incorporation of the GCDC to "clarify its status as a nonprofit corporation organized under chapter 1702 of the Ohio Revised Code." However, the revised articles of incorporation did not identify the Ohio Revised Code sections for either community improvement corporations or development corporations. Also, the revised articles of incorporation were never filed with the Ohio Secretary of State.

When Goshen Township and the GCIC chose to terminate their agreement, representatives of the GCIC indicated to certain members of the public that the entity would no longer be subject to public records laws because the GCDC would constitute a private entity and was not subject to Ohio's public records laws. Therefore, the GCIC did not respond to certain public records requests.

**FINDING NUMBER 2012-001  
(Continued)**

Representatives of the GCIC initially represented to the public and to Auditor of State that the entity had changed legal structure; however, representatives of the GCIC subsequently represented to the Auditor of State that the changes were in name only and had no effect on the corporation legal structure.

Ultimately, GCIC representatives provided updated representations to the Auditor of State that the actions taken by the GCIC did not change the legal form of the entity from a community improvement corporation to a development corporation. According to the documentation at the Ohio Secretary of State and representations by the GCIC, the GCIC always has been and continues to be a public entity incorporated under Ohio Rev. Code § 1702 and is designated as a community improvement corporation under Ohio Rev. Code § 1724. The GCIC also continues under the same designation number assigned by the Office of the Ohio Secretary of State; and the entity's representatives have indicated the United States Internal Revenue Service 501(c)(3) designation previously secured for the GCIC remains effective for the GCDC.

The following conditions represent noncompliance with Ohio law and insufficient management controls to ensure that the GCIC was organized and operating in accordance with the articles of incorporation:

- Although the GCIC name was changed to GCDC (a development corporation) the board did not incorporate the Ohio Revised Code sections related to development corporations into the revised articles of incorporation. Community improvement corporations are organized under Ohio Rev. Code sections 1702 and 1724, and are considered public entities. Development corporations are incorporated under chapter 1726 and are not considered public entities.
- The GCIC refused to honor public record requests after the name change from GCIC to GCDC. According to Ohio Attorney General opinion 1979-061, the governing board of community improvement corporation, organized in the manner provided in Ohio Rev. Code sections 1702.04 and 1724.01 to 1724.09, inclusive, does not constitute a public body for the purposes Ohio Rev. Code section 121.22 (*public meetings*) unless designated an agency of a county, municipal corporation, or any combination hereof pursuant to Ohio Rev. Code section 1724.10. The GCIC should have honored all public records requests for GCIC records, and requests for minutes of meetings dated before April 13, 2011, which is the date the GCIC approved a motion to complete the separation from the Township.
- The GCIC did not have available a copy of its current records retention schedule at a location readily available to the public.
- Parcels of property were transferred from the GCIC to the GCDC by quit claim deed, and cash was transferred from the GCIC to accounts in the name of the GCDC.

We recommend that the current board of the GCIC take any steps necessary to confirm that the GCIC is organized and operating as a community improvement corporation, is subject to audit by the Auditor of State, and is in compliance with applicable public record and open meeting laws. We recommend that the GCIC transfer all property it possesses back into the name of the GCIC and to deposit all corporate cash back into accounts held in the name of the GCIC. We also recommend the GCIC adopt a public records policy and implement procedures to assure compliance with Ohio Public Records laws.

**Officials' Response:**

Officials did not submit a substantive response.

**FINDING NUMBER 2012-002**

**Noncompliance**

**Ohio Rev. Code, § 1724.05**, states each community improvement corporation shall prepare an annual financial report that conforms to rules prescribed by the auditor of state pursuant to section 117.20 of the Revised Code, that is prepared according to generally accepted accounting principles, and that is certified by the board of directors of the corporation or its treasurer or other chief fiscal officer to the best knowledge and belief of those persons certifying the report. The financial report shall be filed with the auditor of state within one hundred twenty days following the last day of the corporation's fiscal year, unless the auditor of state extends that deadline.

The Corporation did not file an annual report for 2012 or 2011 with the Auditor of State.

We recommend that the Corporation file annual reports with the Auditor of State as required by the Ohio Revised Code.

**Official's Response:**

We received no response to this finding from officials.

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# Dave Yost • Auditor of State

**GOSHEN COMMUNITY IMPROVEMENT CORPORATION**

**CLERMONT 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  
FEBRUARY 19, 2015**