



Dave Yost • Auditor of State

**UNION TOWNSHIP COMMUNITY IMPROVEMENT CORPORATION
CLERMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Union Township Community Improvement Corporation
Clermont County
4350 Aicholtz Road
Cincinnati, Ohio 45245

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Union Township Community Improvement Corporation, Clermont County, Ohio (the Corporation), a component unit of Union Township, as of and for the year ended December 31, 2014, 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 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 Union Township Community Improvement Corporation, Clermont County as of December 31, 2014, and the changes in its financial position and its cash flows for the year 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 June 4, 2015, 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

June 4, 2015

UNION TOWNSHIP COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

CURRENT ASSETS:	
Cash	\$ 90,944
Mortgages receivable-current	21,349
Contributions receivable-current	<u>10,000</u>
Total current assets	<u>122,293</u>
 NONCURRENT ASSETS:	
Assets held for resale	2,652,052
Contributions receivable-net of current	20,000
Loans Receivable	1,000,000
Mortgages receivable-net of current	<u>281,934</u>
Total noncurrent assets	<u>3,953,986</u>
TOTAL ASSETS	<u><u>\$ 4,076,279</u></u>

LIABILITIES

CURRENT LIABILITIES	
Accrued property taxes	\$ 11,139
Amounts due to Union Township	7,017
Promissory note payable-current	<u>10,000</u>
Total current liabilities	<u>28,156</u>
 NONCURRENT LIABILITIES	
Promissory note payable-net of current	20,000
Deferred contributions	<u>20,000</u>
Total noncurrent liabilities	<u>40,000</u>
TOTAL LIABILITIES	<u><u>\$ 68,156</u></u>

NET ASSETS

Unrestricted	<u>\$ 4,008,123</u>
TOTAL NET ASSETS	<u><u>\$ 4,008,123</u></u>

See accompanying notes to the financial statements.

UNION TOWNSHIP COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES:			
Cash contributions from Union Township	\$ -	\$ 1,561,942	\$ 1,561,942
Asset contributions from Union Township	-	2,100	2,100
Other contributions	10,000	-	10,000
Lease revenues	66,000	-	66,000
Mortgage revenues	3,406	-	3,406
Gain on sale of capital assets	300	-	300
Interest	92	-	92
Net assets released from restriction	<u>2,331,542</u>	<u>(2,331,542)</u>	<u>-</u>
Total Revenues	<u>2,411,340</u>	<u>(767,500)</u>	<u>1,643,840</u>
EXPENSES:			
Program services:			
Economic development	14,212	-	14,212
Support services:			
Return of project proceeds to Union Township	92,579	-	92,579
Administrative and general operating expense	<u>81</u>	<u>-</u>	<u>81</u>
Total Expenses	<u>106,872</u>	<u>-</u>	<u>106,872</u>
CHANGE IN NET ASSETS	<u>2,304,468</u>	<u>(767,500)</u>	<u>1,536,968</u>
Net assets beginning of year-restated	<u>1,703,655</u>	<u>767,500</u>	<u>2,471,155</u>
Net assets end of year	<u>\$ 4,008,123</u>	<u>\$ -</u>	<u>\$ 4,008,123</u>

See accompanying notes to the financial statements.

UNION TOWNSHIP COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash flows from operating activities:	
Increase in net assets	\$ 1,536,968
Adjustments to reconcile increase in net assets to cash provided by operating activities	
Principal payments received on mortgages receivable	20,802
Purchases of assets held for resale	(1,520,043)
Non cash contributions	(10,000)
Increase in accrued property taxes payable	6,998
Increase in amounts due to Union Township	<u>7,017</u>
Net cash provided by operating activities	<u>41,742</u>
Cash and cash equivalents at beginning of year	<u>49,202</u>
Cash and cash equivalents at end of year	<u><u>\$ 90,944</u></u>

See accompanying notes to the financial statements.

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**UNION TOWNSHIP
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Union Township Community Improvement Corporation, Inc. (Corporation) is a not-for-profit organization which derives the major source of its revenues from Union Township (Township) in the form of capital and cash contributions. The Corporation is considered a component unit of Union Township. The Corporation began operations in January 2011 for the purpose of fostering economic development in the Township, located in Clermont County, Ohio. The Corporation works with the Township in many aspects of the overall adopted economic development strategy of the Township with its current efforts focused on facilitating industrial and retail development.

On April 26, 2012, the Corporation's Board of Trustees approved Resolution 2012-02 whereby the Corporation agreed to refund any and all proceeds arising from the sale, lease, or transfer, or other contractual agreement, including but not limited to the lease payments, sale payments or other consideration to Union Township in support of its mission as the agency for development of Union Township.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Corporation follows the recommendations of the Financial Accounting Standards Board ASC 958, *Financial Statements of Not-For-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – Net assets that are not subject to donor or grantor imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Corporation and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets resulting from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation.

**UNION TOWNSHIP
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)**

The Corporation's activities are reported as unrestricted and temporarily restricted for the year ended December 31, 2014.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Corporation is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**UNION TOWNSHIP
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)**

NOTE 2 – CASH

As of December 31, 2014, Cash consisted of the following:

	<u>Amount</u>
Operating checking accounts	\$90,944

NOTE 3 – CONTRIBUTIONS RECEIVABLE AND PROMISSORY NOTE

On December 14, 2012, the Corporation received a \$50,000 cash contribution from Union Township to purchase a property located at 4372 Mt. Carmel-Tobasco Road for future development. The Corporation sold the property during 2013 however, certain conditions relating to the original acquisition of the property remain outstanding.

The Corporation original purchase agreement with Mt. Washington Savings required a cash payment of \$50,000 by the Corporation and the issuance of a non interest bearing promissory note for \$50,000. The note is payable in 5 years at \$10,000 per year. Terms of the note further provide that as long as the Corporation maintains a status as a 501 (c) (3) entity under the Internal Revenue Code, the Mt. Washington Savings Bank shall make five annual contributions of \$10,000 to the Corporation as a forgiveness of the debt owed under the note. As of December 31, 2014, the balance of the promissory note and contribution receivable is \$30,000.

NOTE 4 – ASSETS HELD FOR RESALE

Assets held for resale consist of the following properties:

<u>Year / Property Address</u>	<u>Cost</u>
<i>2011</i>	
7 parcels Glen Este-Withamsville Road	\$ 767,500
<i>2013</i>	
3966 Picadilly Circle	25,627
4297-4299 Glen Este-Withamsville Road	124,665
4345 Glen Este-Withamsville Road	54,181
4298 Glen Este-Withamsville Road	160,036
<i>2014</i>	
4309 Glen Este-Withamsville Road	126,119
4303 Glen Este-Withamsville Road	106,040
507 Picadilly Circle	100,978
4323 Glen Este-Withamsville Road	429,872
4319 Glen Este-Withamsville Road	259,331
4339 Glen Este-Withamsville Road	497,703
Total	\$2,652,052

**UNION TOWNSHIP
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)**

During 2011, the Corporation received approximately 7 acres of real property valued at \$767,500 from Union Township to be held by the Corporation for resale under a purchase agreement that was subject to various terms and conditions. During 2014, the purchase agreement expired without any action taking place to sell the property.

During 2013, the Corporation received cash contributions from Union Township and purchased four properties within the Township for potential future development.

During 2014, the Corporation received cash contributions from Union Township and purchased six properties within the Township for potential future development.

NOTE 5 – MORTGAGES RECEIVABLE

Mortgages receivable consist of the following:

<u>Property</u>	<u>Total</u>
3944 Nine Mile Road	\$254,956
4372 Mt. Carmel-Tobasco Road	48,327
Total	<u>\$303,283</u>

During May 2012, the Corporation received real property located at 3944 Nine Mile Road valued at \$298,000 from Union Township to be sold to an individual for economic development purposes. The Corporation entered into a mortgage agreement to sell the property to the individual for \$298,000. Repayment of the mortgage is scheduled in equal monthly amounts of \$1,655.55 over 15 years beginning on November 1, 2012.

During December 2012, the Corporation received a \$50,000 cash contribution from Union Township to purchase a property located at 4372 Mt. Carmel-Tobasco Road for future development. On March 1, 2013, the Corporation entered into a mortgage agreement to sell the property to Restle Investments, LLC for \$51,000. The agreement required payment of \$500 of earnest money to be applied to the purchase price and the issuance of a 6 percent interest bearing mortgage for the balance of \$50,500. Repayment of the mortgage is scheduled in equal monthly amounts of \$361.80 over 8 years commencing on June 1, 2013, with a final balloon payment of \$37,437 due on May 1, 2021.

**UNION TOWNSHIP
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)**

NOTE 6 – LOANS RECEIVABLE

On August 15, 2012, the Corporation provided a loan of \$1,000,000 with an interest rate of 6 percent to Jungle Jim’s Eastgate, LLC for use in the Company's development. Payment terms for the loan require monthly amounts for interest only of \$5,000 with a \$1,000,000 principal balloon payment due on November 1, 2021.

NOTE 7 – RETURN OF PROJECT PROCEEDS

In accordance with the Corporation’s Resolution 2012-02, the Corporation has agreed to refund any and all proceeds arising from the sale, lease, transfer, or other contractual agreement, including but not limited to the lease payments, sale payments or other consideration, to Union Township. During 2014, the Corporation received the following items that have been or are due to be returned to Union Township:

<u>Item</u>	<u>Amount</u>
Jungle Jim’s Eastgate, LLC loan payments	\$60,000
Mortgage payments received on 3944 Nine Mile Road	19,866
Mortgage payments received on 4372 Mt. Carmel-Tobasco Road	4,342
Proceeds from sale of O Binning Road property	2,371
Proceeds from lease payments on 516 Old State Route 74 property	1,000
Proceeds from lease payments on 4309 Glen Este Withamsville Road	5,000
Total	\$92,579

NOTE 8 – JUNGLE JIM’S SPECIAL IMPROVEMENT DISTRICT

During 2011, the Corporation received funding from Union Township and completed the acquisition of property known as the Bigg’s Place Mall. In connection with the purchase, the Corporation entered into a lease agreement with Jungle Jim’s Eastgate LLC, for the establishment of the Jungle Jim’s Eastgate International Market. During 2013, the Corporation sold the property to the property's developer.

As part of the sale of the property, the Clermont County Port Authority (Port) issued \$22,705,000 of Economic Development Special Obligation Bonds and purchased the property from the developer. To secure the Bonds issued by the Port, Union Township created a Jungle Jim’s Economic Development Special Improvement District (SID) to levy a special assessment on the development and pledged all proceeds collected under the SID, a Guaranty executed by the Guarantor, and other Township revenues pursuant to the Cooperative and Trust agreements. The special assessment will be levied and collected by the Township and paid to the Port in semi-annual installments for 20 years in an amount equal to annual debt service on the bonds paid by the Port, plus an amount not to exceed \$25,000 for annual administrative expenses of the SID.

**UNION TOWNSHIP
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)**

To provide a security interest for the Corporation and Union Township, title to the property was transferred from the Port to the Corporation, for nominal value. The developer maintains an option to purchase the title to the development from the Corporation by retiring the remaining outstanding balance of the Series 2013 Bonds issued by the Port.

NOTE 9 – RESTATED UNRESTRICTED NET ASSETS

The amount previously reported as Unrestricted Net Assets as of December 31, 2013 has been restated to reflect the recording of a loan receivable that was previously reported as an economic development expense in a prior year, as follows:

<u>Unrestricted Net Assets</u>	<u>Amount</u>
Amount previously reported, December 31, 2013	\$ 703,655
Correction to loan receivable	<u>1,000,000</u>
Restated amount as of January 1, 2014	<u>\$1,703,655</u>



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*

Union Township Community Improvement Corporation
Clermont County
4350 Aicholtz Road
Cincinnati, Ohio 45245

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 Union Township Community Improvement Corporation, Clermont County, Ohio (the Corporation) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 4, 2015.

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 "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 4, 2015



Dave Yost • Auditor of State

UNION TOWNSHIP 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
JUNE 30, 2015**