



**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of The Ohio State University)

Basic Financial Statements

Years Ended June 30, 2024 and 2023

(With Independent Auditors' Reports Thereon)

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Campus Partners for Community Urban Redevelopment
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210

We have reviewed the *Independent Auditors' Report* of the Campus Partners for Community Urban Redevelopment, Franklin County, prepared by KPMG LLP, for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Campus Partners for Community Urban Redevelopment is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2024

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CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT
(A component unit of the Ohio State University)

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KPMG LLP
Suite 500
191 West Nationwide Blvd.
Columbus, OH 43215-2568

Independent Auditors' Report

The Board of Directors of
Campus Partners for Community Urban Redevelopment:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Campus Partners for Community Urban Redevelopment ("Campus Partners"), a component unit of The Ohio State University, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Campus Partners' basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Campus Partners as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Campus Partners and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Campus Partners' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a



substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Campus Partners' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Campus Partners' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024 on our consideration of Campus Partners' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Campus Partners' 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 Campus Partners' internal control over financial reporting and compliance.

KPMG LLP

Columbus, Ohio
November 20, 2024

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT

(A component unit of the Ohio State University)

Management's Discussion and Analysis (Unaudited)

For the Years ended June 30, 2024 and 2023

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of Campus Partners for Community Urban Redevelopment ("Campus Partners") for the year ended June 30, 2024, with comparative information for the years ended June 30, 2024 and June 30, 2023.

About Campus Partners

Campus Partners is a component unit of The Ohio State University ("the University") and directs the revitalization of the area immediately adjacent to the University's main campus in Columbus, Ohio. The organization was incorporated on January 12, 1995. Campus Partners is governed by a seven-member board.

The basic financial statements include component units -- legally separate organizations for which Campus Partners is financially accountable -- as defined under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus*. Campus Partners' component units and the reasons for their inclusion in the financial statements are described below:

- **South Campus Gateway, LLC** – Campus Partners is the single member of this LLC, which has general property management responsibilities for the retail and office space in the Gateway development.
- **Campus Partners for Affordable Housing, LLC** – Campus Partners is the single member of this LLC, which operates Campus Partners and participates in revitalization initiatives in the Weinland Park neighborhood.
- **Redstone Realty, LLC** – Campus Partners is the single member of this LLC, which was created to participate in redevelopment activities adjacent to the University's Columbus campus.
- **Medstone Realty, LLC** – Campus Partners is the single member of this LLC, which was created to facilitate development of medical facilities for the OSU Wexner Medical Center.

The governing bodies of these component units are substantively the same as the governing body of the primary government, there are financial benefit and burden relationships between the primary government and the component units and management of the primary government has operational responsibility for the component units. Therefore, the transactions and balances for these organizations have been blended with those of Campus Partners. Fiscal Year 2022 included operations of The Gateway Theatre LLC through June 16, 2022, the date that all assets and liabilities were transferred to The Gateway Theatre Foundation, a separate 501(c)3 organization.

About the Financial Statements

Campus Partners presents its financial statements in a "business-type activity" format, in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements.

**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of the Ohio State University)

Management's Discussion and Analysis (Unaudited)

For the Years ended June 30, 2024 and 2023

The **Statement of Net Position** is Campus Partners' balance sheet. It reflects the total assets, liabilities and net position of Campus Partners as of June 30, 2024, with comparative information as of June 30, 2023. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Capital assets – which consist primarily of the Gateway retail space on North High Street, the development at University Square, 1800 Zollinger, an outpatient medical facility leased to the Wexner Medical Center, related tenant improvements, properties held for redevelopment and construction in progress – are shown net of accumulated depreciation. Net position is grouped in the following categories:

- Net investment in capital assets
- Unrestricted

The **Statement of Revenues, Expenses and Changes in Net Position** is Campus Partners' income statement. It details how net position has increased (or decreased) during the year ended June 30, 2024, with comparative information for the year ended June 30, 2023, and includes required subtotals for net operating income (loss) and net income (loss) before capital contributions. Rental income, recovery of operating expenses and other revenues arising from exchange transactions are shown as operating revenues.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2024, with comparative information for the year ended June 30, 2023. It breaks out the sources and uses of Campus Partners' cash and restricted cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

The **Notes to the Financial Statements**, which follow the financial statements, provide additional details on the numbers in the financial statements, including condensed combining financial statements for Campus Partners' blended component units.

Financial Highlights

Fiscal Year 2024

For Fiscal Year 2024, total net position for Campus Partners increased \$0.1 million, reflecting increases in lease income, tenant recovery revenue and Vitria revenue. These increases were offset partially by higher interest expense, depreciation and property operating and maintenance.

Fiscal Year 2024 was the first full year that the University Square South building was in service. In addition, it was the first full year Vitria event center was in service. University Square South being in service had a significant increase in lease revenue and depreciation. Vitria being in service created a significant increase in Vitria sales, Vitria food, beverage and AV rental expense as well as salaries and wages.

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For the Years ended June 30, 2024 and 2023

During Fiscal Year 2024, Campus Partners reorganized its debt related to the University Square development following the completion of the two active construction projects. Following the refinancing, Campus Partners began making debt service payments on debt related to the University Square development. Campus Partners made a total of \$5.8 million in principal on the loans related to University Square and 15th & High Infrastructure. In addition, Campus Partners incurred \$4.7 million in interest expense related to the University Square loans.

The following sections provide additional details on Campus Partners' Fiscal Year 2024 financial results and a look ahead at significant economic conditions that are expected to affect the organization in the future.

Fiscal Year 2023

For Fiscal Year 2023, total net position for Campus Partners increased \$0.1 million, reflecting increases in lease income and tenant recovery revenue. These increases were offset partially by higher real estate taxes, selling general and administrative expense and depreciation. Additionally, the spin-off of the film center during FY 22 resulted in \$0 in film center revenue or expense as well as a decline in non-capital grant income.

During Fiscal Year 2023, work continued on the 15th Avenue + High Street redevelopment project. Three large pieces of the project, infrastructure, University Square South and The Event Center went into service during the second half of Fiscal Year 2023. This resulted in a transfer of \$76.7 million from construction in process to building. Project expenditures in Fiscal Year 2023 totaled \$14.2 million and were funded by \$20.9 million in loans from the university.

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For the Years ended June 30, 2024 and 2023

Summary Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash and restricted cash	\$ 4,033,675	11,509,212	4,092,718
Accounts, lease and notes receivable	5,706,922	6,373,786	6,738,170
Inventory and prepaid expenses	<u>130,580</u>	<u>72,686</u>	<u>62,438</u>
Total current assets	<u>9,871,177</u>	<u>17,955,684</u>	<u>10,893,326</u>
Notes receivable	800,000	800,000	800,000
Capital assets, net	215,579,866	219,326,156	210,824,113
Lease receivables	<u>86,924,104</u>	<u>97,112,900</u>	<u>45,273,463</u>
Total noncurrent assets	<u>303,303,970</u>	<u>317,239,056</u>	<u>256,897,576</u>
Total assets	<u>\$ 313,175,147</u>	<u>335,194,740</u>	<u>267,790,902</u>
Accounts payable and accrued expenses	\$ 5,319,807	5,097,169	5,849,497
Loans payable to university – current portion	4,000,516	1,293,595	1,293,595
Unearned income – current portion	518,041	624,332	215,424
Other current liabilities	<u>137,963</u>	<u>137,963</u>	<u>126,688</u>
Total current liabilities	<u>9,976,327</u>	<u>7,153,059</u>	<u>7,485,204</u>
Loans payable to university	<u>179,912,352</u>	<u>189,503,389</u>	<u>169,910,076</u>
Total noncurrent liabilities	<u>179,912,352</u>	<u>189,503,389</u>	<u>169,910,076</u>
Total liabilities	<u>189,888,679</u>	<u>196,656,448</u>	<u>177,395,280</u>
Deferred inflows – leases	<u>130,860,608</u>	<u>146,224,688</u>	<u>98,221,189</u>
Total deferred inflows – leases	<u>130,860,608</u>	<u>146,224,688</u>	<u>98,221,189</u>
Net investment in capital assets	31,666,998	27,596,221	36,415,929
Unrestricted	<u>(39,241,138)</u>	<u>(35,282,617)</u>	<u>(44,241,496)</u>
Total net position	<u>(7,574,140)</u>	<u>(7,686,396)</u>	<u>(7,825,567)</u>
Total liabilities and net position	<u>\$ 313,175,147</u>	<u>335,194,740</u>	<u>267,790,902</u>

Total Campus Partners cash and restricted cash decreased \$7.5 million, to \$4.0 million at June 30, 2024, related primarily to payments of debt principal and interest and spending on capital assets. Amounts shown as restricted cash consist of tenant security deposits, which are released from restriction upon expiration of the tenant leases. The Statement of Cash Flows, which is discussed in more detail below, provides additional information on sources and uses of Campus Partners' cash and restricted cash.

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For the Years ended June 30, 2024 and 2023

Accounts receivable, net of allowances increased \$0.8 million, to \$2.3 million at June 30, 2024, reflecting increases in accounts receivable from tenants at South Campus Gateway and Redstone related to recovery of operating expenses and other tenant costs. The total reserve for bad debt remained relatively flat in Fiscal Year 2024 for South Campus Gateway and Redstone. The reserve was \$1.1 million and \$1.2 million at June 30, 2024 and 2023, respectively.

Notes receivable, consists of one note receivable from a property development company. During Fiscal Year 2024, there was no activity on the note.

Capital assets, net, decreased \$3.7 million, to \$215.6 million at June 30, 2024. Capital additions for the University Square development project totaled \$4.0 million in 2024. During the year ended June 30, 2023 there was significant spending on University Square South building, which went into service in March 2023. During the year ended June 30, 2023 there was also significant spending on the event center in University Square North, which went into service in March 2023. The spending on both projects was completed during Fiscal Year 2024. The additions were offset by depreciation of \$8.0 million during Fiscal Year 2024.

Lease receivables decreased \$11.7 million to \$90.3 million at June 30, 2024. The decrease is primarily due to the lease with Ohio State for the office portion of University Square South being amended during Fiscal Year 2024.

Accounts payable and accrued expenses increased \$0.2 million, to \$5.3 million at June 30, 2024. The increase reflects an increase in accrued interest related to University Square debt offset by a decrease related to accrued capital expenditures.

Loans payable to the University decreased \$6.9 million, to \$183.9 million at June 30, 2024. The decrease reflects payments of principal of \$7.2 million offset by loan draws of \$0.3 million.

Deferred Inflows – Leases decreased \$15.4 million to \$130.9 million. The increase is primarily due to the lease with Ohio State for the office portion of University Square South being amended during Fiscal Year 2024.

Total net position increased by \$0.1 million, to (\$7.6) million at June 30, 2024.

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For the Years ended June 30, 2024 and 2023

Statements of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues:			
Lease income	\$ 8,437,744	7,566,553	6,812,790
Tenant recovery revenue	5,354,601	4,291,087	3,629,594
Vitria sales	1,649,655	188,480	—
Gateway theatre sales	—	—	1,351,677
Other operating income	<u>2,009,095</u>	<u>1,292,646</u>	<u>312,723</u>
Total operating revenues	<u>17,451,095</u>	<u>13,338,766</u>	<u>12,106,784</u>
Operating expenses:			
Property operating and maintenance	4,997,501	3,607,301	3,510,647
Real estate taxes	3,460,265	3,420,142	2,263,186
Professional services	988,681	970,840	694,898
Salaries and wages	1,056,612	577,327	1,589,351
Vitria food, beverage, AV rental	380,468	50,199	—
Gateway theatre film, food and beverage	—	—	588,233
Selling, general and administrative	338,126	1,241,826	896,048
Depreciation and amortization	<u>7,971,068</u>	<u>5,741,127</u>	<u>5,381,067</u>
Total operating expenses	<u>19,192,721</u>	<u>15,608,762</u>	<u>14,923,430</u>
Net operating loss	<u>(1,741,626)</u>	<u>(2,269,996)</u>	<u>(2,816,646)</u>
Non-operating revenues (expenses):			
Interest income	4,721,275	3,136,106	2,112,797
Grants and contributions	2,000,000	10,000	1,474,511
Interest expense	(4,702,075)	(156,000)	(8)
Other non-operating (expense) revenue	<u>(165,318)</u>	<u>(580,939)</u>	<u>254</u>
Net non-operating revenue	<u>1,853,882</u>	<u>2,409,167</u>	<u>3,587,554</u>
Income before other changes in net position	<u>112,256</u>	<u>139,171</u>	<u>770,908</u>
Other changes in net position:			
Forgiveness of debt	—	—	265,761
Spin Off of Gateway Film Center	—	—	(434,631)
Total other changes in net position	<u>—</u>	<u>—</u>	<u>(168,870)</u>
Increase in net position	<u>112,256</u>	<u>139,171</u>	<u>602,038</u>
Net deficit – beginning of year	<u>(7,686,396)</u>	<u>(7,825,567)</u>	<u>(8,427,605)</u>
Net deficit – end of year	<u>\$ (7,574,140)</u>	<u>(7,686,396)</u>	<u>(7,825,567)</u>

**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of the Ohio State University)

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For the Years ended June 30, 2024 and 2023

Lease income increased \$0.9 million, to \$8.4 million in Fiscal Year 2024. The increase relates primarily to an increase in lease income at Redstone with University Square South lease with the University being in place for the full year. The lease income at Redstone increased from \$3.1 million in Fiscal Year 2023 to \$4.2 million in Fiscal Year 2024.

Tenant recovery revenue increased \$1.1 million, to \$5.4 million in Fiscal Year 2024. The increase was due to the additional income from Redstone.

Other operating income, which includes Tax Increment Financing (TIF) income, lease termination fees, and other miscellaneous income, increased \$0.7 million, to \$2.0 million in Fiscal Year 2024. The increase related to TIF income from the High Street TIF, partially due to a one time catch up payment in Fiscal Year 2024.

Property operating and maintenance expenses increased \$1.4 million, to \$5.0 million in Fiscal Year 2024 due to full year of operations of the new buildings placed into service in March 2023.

Professional services expense was flat at \$1.0 million in Fiscal Year 2024.

Salaries and wages increased by \$0.5 million, to \$1.1 million in Fiscal Year 2024. The increase was due to Vitria event center being open in all of Fiscal Year 2024 compared to only three months in Fiscal Year 2023.

Depreciation and amortization expense increased \$2.2 million, to \$8.0 million in Fiscal Year 2024, due to all of the University Square projects being open for the whole Fiscal Year 2024.

Interest income increased \$1.6 million, to \$4.7 million in Fiscal Year 2024 due the lease for University Square South being in place for all Fiscal Year 2024.

Non-capital grant income increased by \$2.0 million to \$2.0 million in Fiscal Year 2024. The increase was due to a one time grant from the City of Columbus related to the 15th & High infrastructure project.

Interest expense increased \$4.5 million, to \$4.7 million in Fiscal Year 2024. The increase was due to the loans for the University Square project being reorganized during Fiscal Year 2024 and debt service beginning on the related loans.

**CAMPUS PARTNERS FOR COMMUNITY URBAN
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(A component unit of the Ohio State University)

Management's Discussion and Analysis (Unaudited)

For the Year ended June 30, 2023

Statements of Cash Flows

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net cash used in operating activities	\$ (2,013,086)	(944,987)	(4,966,626)
Net cash provided by (used in) non-capital financing activities	1,834,682	(570,939)	2,068,303
Proceeds from notes payable and university loans	283,892	20,886,909	25,610,621
Payments for purchase or construction of capital assets	(5,132,346)	(16,489,349)	(26,936,099)
Principal and interest payments on university loans	(10,827,473)	(1,293,588)	(1,293,588)
Receipts from leases	4,141,783	3,648,947	2,554,352
Receipts from interest	4,237,011	2,179,506	1,752,988
Net cash used in investing activities	<u>—</u>	<u>—</u>	<u>(471,143)</u>
Net (decrease) increase in cash	<u>\$ (7,475,537)</u>	<u>7,416,499</u>	<u>(1,681,192)</u>

Net cash used in operating activities decreased \$1.1 million in Fiscal Year 2024. The decrease was due primarily to an increase in payments to vendors and suppliers of \$1.1 million and a decrease in receipts from tenants of \$0.9 million. These were partially offset by an increase in receipts from Event Center of \$1.4 million.

Net cash provided by noncapital financing activities increased \$2.4 million, in Fiscal Year 2024. The increase was due to an increase in non-capital grant receipts of \$2.0 million and a decrease in non-capital grants paid of \$0.4 million.

Net cash provided by capital financing activities decreased \$16.2 million in Fiscal Year 2024. The decrease is due primarily to a decrease in cash received from University loans of \$20.6 million as well as an increase in principal payments of University loans of \$5.9 million. These were offset partially by a decrease in payments for construction of capital assets of \$11.4 million.

Economic Factors That Will Affect the Future

Fiscal Year 2024 was the first full year both buildings at University Square were in service for the full year. This enabled Campus Partners to make an initial debt service payment on the outstanding debt related to the University Square development. The ability to service the debt will continue to be a focus of Campus Partners in Fiscal Year 2025 and beyond. During Fiscal Year 2025 Campus Partners expects to continue to spend a significant portion of income earned at University Square for debt service. During Fiscal Year 2025, Campus Partners expects to pay back debt with proceeds from four projects at University Square: Infrastructure, University Square North, University Square South and the Event Center in University Square North. The debt for the Infrastructure project is expected to be repaid with proceeds from the High Street TIF. The debt for the buildings is expected to be repaid using future rental income from University and retail tenants.

South Campus Gateway is responsible for about 36% of operating revenue at Campus Partners. The revenue at South Campus Gateway is reliant on the rental income of its tenants. Interest in the space continues to be strong.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT
(A component unit of The Ohio State University)

Statements of Net Position

As of June 30, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash	\$ 3,895,712	11,371,250
Restricted cash	137,963	137,962
Accounts receivable – net of allowances for doubtful accounts of \$1,064,731 and \$1,161,628	2,342,565	1,492,732
Lease receivables-current portion	3,364,357	4,881,054
Inventory and prepaid expenses	130,580	72,686
Total current assets	<u>9,871,177</u>	<u>17,955,684</u>
Noncurrent assets:		
Notes receivable	800,000	800,000
Capital assets, net	215,579,866	219,326,156
Lease receivables	86,924,104	97,112,900
Total noncurrent assets	<u>303,303,970</u>	<u>317,239,056</u>
Total assets	<u>\$ 313,175,147</u>	<u>335,194,740</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 463,216	649,901
Accrued expenses	4,856,591	4,447,268
Loans payable to university – current portion	4,000,516	1,293,595
Unearned income – current portion	518,041	624,332
Rent and construction deposits	137,963	137,963
Total current liabilities	<u>9,976,327</u>	<u>7,153,059</u>
Noncurrent liabilities:		
Loans payable to university	<u>179,912,352</u>	<u>189,503,389</u>
Total noncurrent liabilities	<u>179,912,352</u>	<u>189,503,389</u>
Total liabilities	<u>189,888,679</u>	<u>196,656,448</u>
Deferred inflows – leases:		
Deferred inflows – leases	<u>130,860,608</u>	<u>146,224,688</u>
Total deferred inflows – leases	<u>130,860,608</u>	<u>146,224,688</u>
Net position:		
Net investment in capital assets	31,666,998	27,596,221
Unrestricted deficit	<u>(39,241,138)</u>	<u>(35,282,617)</u>
Total net deficit	<u>(7,574,140)</u>	<u>(7,686,396)</u>
Total liabilities and net deficit	<u>\$ 313,175,147</u>	<u>335,194,740</u>

The accompanying notes are an integral part of these financial statements.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT
(A component unit of The Ohio State University)

Statements of Revenues, Expenses and Changes in Net Position

The Years ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Lease income	\$ 8,437,744	7,566,553
Tenant recovery revenue	5,354,601	4,291,087
Vitria sales	1,649,655	188,480
Other operating income	2,009,095	1,292,646
Total operating revenues	17,451,095	13,338,766
Operating expenses:		
Property operating and maintenance	4,997,501	3,607,301
Real estate taxes	3,460,265	3,420,142
Professional services	988,681	970,840
Salaries and wages	1,056,612	577,327
Vitria food, beverage, AV rental	380,468	50,199
Selling, general and administrative	338,126	1,241,826
Depreciation and amortization	7,971,068	5,741,127
Total operating expenses	19,192,721	15,608,762
Net operating loss	(1,741,626)	(2,269,996)
Non-operating revenues (expenses):		
Interest income	4,721,275	3,136,106
Non-capital grant income	2,000,000	10,000
Non-capital grant expense	(165,318)	(580,939)
Interest expense	(4,702,075)	(156,000)
Net non-operating revenue	1,853,882	2,409,167
Increase in net position	112,256	139,171
Net deficit – beginning of year	(7,686,396)	(7,825,567)
Net deficit – end of year	\$ (7,574,140)	(7,686,396)

The accompanying notes are an integral part of these financial statements.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT
(A component unit of The Ohio State University)

Statements of Cash Flows

For the Years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Receipts from tenants	\$ 6,461,216	7,381,182
Receipts from Event Center	1,649,654	188,480
Payments to employees	(1,056,612)	(570,998)
Payments to vendors for supplies and services	(9,067,344)	(7,943,651)
Net cash used in operating activities	(2,013,086)	(944,987)
Cash flows from noncapital financing activities:		
Cash received non-capital grants	2,000,000	10,000
Cash paid non-capital grants	(165,318)	(580,939)
Net cash provided by (used in) noncapital financing activities	1,834,682	(570,939)
Cash flows from capital financing activities:		
Proceeds from university loans	283,892	20,886,909
Principal payments on university loans	(7,168,007)	(1,293,588)
Payments for purchase or construction of capital assets	(5,132,346)	(16,489,349)
Payments of interest on university loans	(3,659,466)	—
Receipts from leases	4,141,783	3,648,947
Receipts from interest	4,237,011	2,179,506
Net cash (used in) provided by capital financing activities	(7,297,133)	8,932,425
Net (decrease) increase in cash and restricted cash	(7,475,537)	7,416,499
Cash and restricted cash – beginning of year	11,509,212	4,092,713
Cash and restricted cash – end of year	\$ 4,033,675	11,509,212

The accompanying notes are an integral part of these financial statements.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT
(A component unit of The Ohio State University)

Statements of Cash Flows

For the Years ended June 30, 2024 and 2023

	2024	2023
Reconciliation of net operating loss to cash used in operations:		
Net operating loss	\$ (1,741,626)	(2,269,996)
Adjustments to reconcile net operating loss to cash used in operations:		
Amortization of deferred inflows	(8,384,100)	(7,818,522)
Depreciation and amortization expense	7,971,068	5,741,127
Bad debt (recoveries) expense	(96,897)	802,829
Changes in assets and liabilities:		
Accounts receivable	(752,936)	826,407
Inventory and prepaid expenses	(57,894)	(10,248)
Accounts payable	194,132	131,137
Accrued expenses	961,458	1,232,096
Rent and construction deposits	—	11,275
Unearned income	(106,291)	408,908
Net cash used in operating activities	\$ (2,013,086)	(944,987)
Non cash transactions:		
Construction in process in accounts payable and accrued expenses	\$ —	932,951

The accompanying notes are an integral part of these financial statements.

**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of the Ohio State University)

Notes to Financial Statements

Years ended June 30, 2024 and 2023

(1) Description of Organization and Summary of Significant Accounting Policies

(a) Organizations

Campus Partners for Community Urban Redevelopment (“Campus Partners”) is a component unit of The Ohio State University (the “University”). The financial activity of Campus Partners is discretely presented in the financial statements of the University. The cost of the operations of Campus Partners is funded primarily by rental operations, whereby Campus Partners directs the revitalization of the area immediately adjacent to the University’s main campus in Columbus, Ohio. Campus Partners was incorporated on January 12, 1995.

(b) Basis of Presentation

The accompanying financial statements include Campus Partners and its component units legally separate organizations for which Campus Partners is financially accountable. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization’s governing authority and the ability of the primary government (i.e., Campus Partners) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government and provides specific financial benefits to, or imposes specific financial burdens on, the primary government, or;
- The primary government is financially accountable for an organization if its holding of a majority equity interest in that organization does not meet the definition of an investment.

Campus Partners’ blended component units and the reasons for their inclusion in the financial statement are described below:

- **South Campus Gateway, LLC** – Campus Partners is the single member of this LLC, which has general property management responsibilities for the retail and office space in the Gateway development.
- **Campus Partners for Affordable Housing, LLC** – Campus Partners is the single member of this LLC, which operates Campus Partners and participates in revitalization initiatives in the Weinland Park neighborhood.
- **Redstone Realty, LLC** – Campus Partners is the single member of this LLC, which was created to participate in redevelopment activities adjacent to the University’s Columbus campus.
- **Medstone Realty, LLC** – Campus Partners is the single member of this LLC, which was created to facilitate development of medical facilities for the OSU Wexner Medical Center.

**CAMPUS PARTNERS FOR COMMUNITY URBAN
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(A component unit of the Ohio State University)

Notes to Financial Statements

Years ended June 30, 2024 and 2023

The governing bodies of these component units are substantively the same as the governing body of Campus Partners and there is a financial benefit/burden relationship between Campus Partners and the component units. Therefore, the transactions and balances for these organizations have been blended with those of Campus Partners. Summary financial statement information for Campus Partners' blended component units is provided in Note 6.

(c) Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), as prescribed by Governmental Accounting Standards Board (GASB). Campus Partners is presented as a special purpose government engaged in business-type activities (BTA) on the accrual basis of accounting. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

Campus Partners' financial resources are classified for accounting and reporting purposes into the following net position categories:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation, outstanding principal balances of debt, and accounts payable and accrued expenses attributable to the acquisition, construction or improvement of those assets.
- **Restricted:** Net resources that are legally restricted by external parties or by law through constitutional provisions or enabling legislation. Campus Partners did not have any restricted net position as of June 30, 2024 or 2023.
- **Unrestricted:** Amounts which are not subject to externally-imposed stipulations.

(d) Cash

At June 30, 2024, the carrying amount of Campus Partners' cash and restricted cash is \$4,033,675 as compared to bank balances of \$4,164,585. The differences in carrying amount and bank balances are caused by outstanding checks, deposits in transit and petty cash. Of the bank balances, \$604,928 is covered by federal deposit insurance and \$3,559,657 is uninsured and uncollateralized as defined by the GASB.

At June 30, 2023, the carrying amount of Campus Partners' cash and restricted cash is \$11,509,212 as compared to bank balances of \$11,430,231. The differences in carrying amount and bank balances are caused by outstanding checks, deposits in transit and petty cash. Of the bank balances, \$750,897 is covered by federal deposit insurance and \$10,679,334 is uninsured and uncollateralized as defined by the GASB.

(e) Restricted Cash

Restricted cash consists of tenant security deposits. Amounts are released from restriction upon expiration of the tenant leases.

**CAMPUS PARTNERS FOR COMMUNITY URBAN
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Notes to Financial Statements

Years ended June 30, 2024 and 2023

(f) Accounts Receivable, Net of Allowances

Accounts receivable consists of accrued interest for notes receivable and tenant expense recovery receivables. Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. Gross receivables are reduced by the estimated portion deemed uncollectible. This estimate is based on collection history, industry trends, and current information regarding creditworthiness of the debtors. When continued collection activity in receipts of amounts previously written off, recovery income is recognized for the amount collected.

The accounts receivable balances include accrued interest of \$1,225,964 and \$1,108,523 at June 30, 2024 and 2023, respectively. These amounts relate to interest on one note receivable. Management does not believe the related interest receivable will be fully collected and has reserved allowances for bad debt of \$825,965 and \$708,523 at June 30, 2024 and 2023.

(g) Leases Receivable

At lease commencement, Campus Partners initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. These balances totaled \$90,288,461 and \$101,993,954 at June 30, 2024 and 2023, respectively. Additional information on lease-related revenues and future minimum rents is provided in Note 3.

Certain leases contain contingent variable lease payments under which tenants are required to pay, as additional rent, a percentage of their sales in excess of a specified amount. Campus Partners defers recognition of contingent lease revenue until those specified sales targets are met and notification is received from the tenant. Campus Partners recognizes variable lease revenues in Other Operating Income on the Statement of Revenue, Expenses, and Changes in Net Position. Variable lease revenue was \$0 and \$40,556 as of June 30, 2024 and 2023, respectively.

(h) Notes Receivable

Loans are stated in the amount of unpaid principal, reduced by unearned loan fees and the allowance for loan losses when management believes the collectability of the principal is unlikely.

(i) Capital Assets

Capital assets are recorded at cost on the date of acquisition and are reported at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Type of asset</u>	<u>Estimated useful life</u>
Improvements other than buildings	2.5 to 10 years
Buildings and fixed equipment	20 to 39 years
Moveable equipment, furniture and software	3 to 10 years

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Years ended June 30, 2024 and 2023

Campus Partners removes the asset cost and related accumulated depreciation from the appropriate accounts and reflects any gain or loss in current operations upon sale or retirements. Campus Partners applies a capitalization threshold of \$5,000 for movable furniture, fixtures, vehicles and equipment. Campus Partners has no capitalization threshold policy for buildings/leasehold improvements or software. Expenditures for maintenance, repairs or renewals, which neither materially add to the value of the property nor appreciably extend its useful life, are charged to expense as incurred.

Certain operating leases contain tenant improvement allowances under which Campus Partners contributes money towards the construction of leasehold improvements within the tenant's space. Typically, the operating lease requires the tenant to use the allowance to construct real property which is retained by Campus Partners at the end of the tenant's contractual lease term. Tenant improvements are depreciated over the lesser of the estimated life of the improvement or the life of the lease.

(j) Deferred Inflows – Leases

Deferred inflows of resources related to leases are measured at the amount of the initial measurement of the lease receivable, plus any payments received at or before commencement of the lease term that relate to future periods and are amortized on a straight-line basis over the lease term as Lease Income. Deferred inflows also include advance payments for an outpatient medical facility operated by the OSU Wexner Medical Center and a building for WOSU Public Media. The advance payments from the OSU Wexner Medical Center are being recognized as rental income over the 25-year term of the lease, which includes a 5-year bargain renewal option. The advance payments for the WOSU building are being recognized as rental income over the 30-year term of the lease, which commenced in April 2021.

(k) Rent and Construction Deposits

Deposits primarily consist of tenant deposits, which are refundable at the end of the lease.

(l) Classification of Revenues and Expenses

Campus Partners defines operating activities, for purposes of reporting in the Statement of Revenues, Expenses and Changes in Net Position, as those revenues that generally result from exchange transactions such as payments received related to leases and payments made for goods and services received. All other activity is shown as non-operating.

(m) Income Taxes

Campus Partners is exempt from income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code, except for taxes on income determined to be unrelated business tax income. Campus Partners assesses uncertain tax positions and has determined there were no such positions that have a material effect on the financial statements.

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Years ended June 30, 2024 and 2023

(n) Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the reported period. The most significant estimates and assumptions relate to the valuation of capital assets, including the assessment of impairments and depreciable lives, the collectability of accounts and notes receivable, and the discount rate used to calculate lease receivables and deferred inflows of resources. Actual results could differ from those estimates.

(2) Capital Assets

Capital asset activity for the year ended June 30, 2024 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 27,346,962	—	—	—	27,346,962
Construction in progress	780,321	121,110	—	—	901,431
Total non-depreciable assets	<u>28,127,283</u>	<u>121,110</u>	<u>—</u>	<u>—</u>	<u>28,248,393</u>
Capital assets being depreciated:					
Improvements other than buildings	40,411,220	759,307	—	—	41,170,527
Buildings and fixed equipment	187,639,118	3,319,786	—	—	190,958,904
Moveable equipment, furniture and software	1,549,378	24,576	—	—	1,573,954
Total depreciable assets	<u>229,599,716</u>	<u>4,103,669</u>	<u>—</u>	<u>—</u>	<u>233,703,385</u>
Less: Accumulated depreciation for:					
Improvements other than buildings	\$ 7,589,174	1,667,176	—	—	9,256,350
Buildings and fixed equipment	30,174,454	6,179,669	—	—	36,354,123
Moveable equipment, furniture and software	637,215	124,224	—	—	761,439
Total accumulated depreciation	<u>38,400,843</u>	<u>7,971,069</u>	<u>—</u>	<u>—</u>	<u>46,371,912</u>
Total depreciable assets, net	<u>191,198,873</u>	<u>(3,867,400)</u>	<u>—</u>	<u>—</u>	<u>187,331,473</u>
Capital assets, net	<u>\$ 219,326,156</u>	<u>(3,746,290)</u>	<u>—</u>	<u>—</u>	<u>215,579,866</u>

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Notes to Financial Statements

Years ended June 30, 2024 and 2023

Capital asset activity for the year ended June 30, 2023 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 27,346,962	—	—	—	27,346,962
Construction in progress	64,648,029	12,805,145	—	(76,672,853)	780,321
Total non-depreciable assets	91,994,991	12,805,145	—	(76,672,853)	28,127,283
Capital assets being depreciated:					
Improvements other than buildings	10,307,746	305,693	118,306	29,916,087	40,411,220
Buildings and fixed equipment	140,264,914	617,438	—	46,756,766	187,639,118
Moveable equipment, furniture and software	1,034,484	514,894	—	—	1,549,378
Total depreciable assets	151,607,144	1,438,025	118,306	76,672,853	229,599,716
Less: Accumulated depreciation for:					
Improvements other than buildings	6,833,193	874,287	118,306	—	7,589,174
Buildings and fixed equipment	25,382,231	4,792,223	—	—	30,174,454
Moveable equipment, furniture and software	562,598	74,617	—	—	637,215
Total accumulated depreciation	32,778,022	5,741,127	118,306	—	38,400,843
Total depreciable assets, net	118,829,122	(4,303,102)	—	76,672,853	191,198,873
Capital assets, net	\$ <u>210,824,113</u>	<u>8,502,043</u>	—	—	<u>219,326,156</u>

(3) Leases

Campus Partners is lessor for various noncancellable leases of real estate. Lease-related revenues recognized for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Lease revenue	\$ 8,437,744	7,566,553
Interest revenue	4,237,010	2,944,137
	\$ <u>12,674,754</u>	<u>10,510,690</u>

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Notes to Financial Statements

Years ended June 30, 2024 and 2023

Annual future minimum rents due to be received under non-cancellable leases at June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2025	\$ 3,364,357	4,113,661	7,478,018
2026	2,368,705	4,003,777	6,372,482
2027	2,124,692	3,913,784	6,038,476
2028	1,986,024	3,824,985	5,811,009
2029	2,013,911	3,737,686	5,751,597
2030-2034	8,945,489	17,385,274	26,330,763
2035-2039	9,541,143	15,392,865	24,934,008
2040-2044	15,796,636	12,420,680	28,217,316
2045-2049	24,204,653	7,720,588	31,925,241
2050-2054	19,942,851	1,572,388	21,515,239
	<u>\$ 90,288,461</u>	<u>74,085,688</u>	<u>164,374,149</u>

(4) Long-Term Debt

University Loans:

The University has issued loans to Campus Partners through Memorandums of Understanding (“MOUs”) which document the principal, interest charges and repayment terms as well as any other conditions or covenants.

In October 2013, Campus Partners entered into the Retail Note with the University, the proceeds of which were used to fund property acquisitions in the South Campus Gateway. Under the terms of the original Retail Note, total principal was \$39,611,154, the note bears interest at 4.5% per annum, and the note has a ten year term, with a final balloon principal payment due in April 2023. Campus Partners and the University agreed to amend the Retail Note in October 2014, October 2015 and again in March 2017. Under the terms of the March 2017 amended Retail Note, beginning in July 2017 Campus Partners will make principal only payments of \$1,293,595 per annum and the note will not bear interest. The term of note will be 30 years, maturing in June 2047. The total outstanding principal balance at June 30, 2024 was \$29,752,681.

In February 2016, Campus Partners entered into the 15th & High Infrastructure Note with the University. The proceeds of this loan were used to fund the infrastructure improvements at 15th & High. The Memorandum of Understanding allowed for up to \$30,000,000 in loan proceeds to be issued. Under the terms of the original loan Campus Partners did not bear interest and the repayments terms were not set. Campus Partner and the University agreed to amend and restate the note in February 2024. The principal loan amount was \$24,252,603. The loan components were \$22,252,603 TIF-backed portion and \$2,000,000 City of Columbus grant backed portion. The annual interest rate is 0.0%. The principal payments will be made following Campus Partners receiving the City of Columbus Grant and TIF proceeds. During Fiscal Year 2024, Campus Partners made a total principal payment of \$4,303,560. \$2,000,000 of

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the payment was from the City of Columbus grant and \$2,303,560 was from TIF proceeds. The total outstanding principal at June 30, 2024 was \$19,949,042.

In February 2024, Campus Partners entered in a Memorandum of Understanding of \$41,085,423 for the construction of University Square North at University Square. This loan replaced and reorganized the loan for the construction of University Square North as well as a portion of the Real Estate Note, Real Estate IV Note and University Square Development note. The term of this note is 30 years, beginning on July 1, 2023, at an interest rate of 4.25%. During Fiscal Year 2024 Campus Partners paid \$1,746,130 in interest and \$1,570,855 in principal on this loan. The total outstanding principal at June 30, 2024 was \$39,514,568.

In February 2024, Campus Partners entered in a Memorandum of Understanding of \$52,050,429 for the construction of University Square South at University Square. This loan replaced and reorganized the loan for the construction of University Square South as well as a portion of the Real Estate Note, Real Estate IV Note and University Square Development note. The term of this note is 30 years, beginning on July 1, 2023, at an interest rate of 4.25%. During Fiscal Year 2024 Campus Partners paid \$1,574,139 in interest on this loan. The total outstanding principal at June 30, 2024 was \$52,050,429.

In February 2024, Campus Partners entered in a Memorandum of Understanding of \$10,271,356 for the construction of University Square North Event Center at University Square. This loan replaced and reorganized a portion of the loan for the construction of University Square North as well as a portion of the Real Estate Note, Real Estate IV Note and University Square Development note. The term of this note is 30 years, beginning on July 1, 2023, at an interest rate of 4.25%. During Fiscal Year 2024 Campus Partners paid \$186,558 in interest on this loan. The total outstanding principal at June 30, 2024 was \$10,271,356.

In April 2022, the University entered into a Memorandum of Understanding to issue debt not to exceed \$7,800,000 for the construction of the Event Center in University Square North at University Square. The total loan from this Memorandum of Understanding as of June 30, 2024 is \$7,800,000. The loan will bear interest at 4.00% for 20 years. During Fiscal Year 2024 Campus Partners paid \$152,638 in interest on this loan. The total outstanding principal balance at June 30, 2024 was \$7,800,000.

In February 2024, Campus Partners entered in a Memorandum of Understanding of \$24,574,790 for the University Square- Stranded Debt. This loan replaced and reorganized a portion of the Real Estate Note, Real Estate IV Note and University Square Development note. There are no terms for repayment or interest of this note. Campus Partners will be obligated to repay this note when Campus Partners has the financial capacity to do so or the undeveloped portion of the University Square site is complete.

In August 2013, Campus Partners entered into the Real Estate Note with the University, the proceeds of which were used to fund multiple property acquisitions in the campus area. Under the terms of the Real Estate Note, total principal was \$19,866,144, and the note does not bear any contractual interest. Campus Partners is required to make payments on the note when the properties associated with the note are sold or leased. Any net proceeds from a sale or lease of the associated properties is required to first be used to repay the note. In May 2016, the University forgave \$3,789,200 of the Real Estate note for losses on related property sales and exchanges. This loan was reorganized in February 2024 and became of portion

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of the loans currently outstanding. The total outstanding principle balance before the February 2024 reorganization was \$13,022,746.

In December 2014, Campus Partners entered into the Real Estate IV Note with the University. Subsequently, from February 2015 through December 2016, Campus Partners and the University have entered into 19 MOUs as addendums to the Real Estate IV Note, whereby Campus Partners has borrowed a total of \$21,363,651 from the University. Campus Partners utilized the proceeds from each individual borrowing to finance a property acquisition and related acquisition expenses. As with the Real Estate Note, the repayment terms of the Real Estate IV Note are linked to the subsequent sale or lease of the properties acquired with the note proceeds. Any net proceeds from a sale or lease of the associated properties is required to first be used to repay the note. The Real Estate IV Note does not bear any contractual interest. This loan was reorganized in February 2024 and became of portion of the loans currently outstanding.

During 2019, the University entered into three Memorandum of Understandings to issue debt to Campus Partners for the University Square Development. The total of the loans from these three Memorandum of Understanding as of June 30, 2024 is \$6,795,000. The loans do not bear interest and repayment terms have not been set. This loan was reorganized in February 2024 and became of portion of the loans currently outstanding.

In September 2019, the University entered into a Memorandum of Understanding to issue debt not to exceed \$45,500,000 for the construction of University Square North at University Square. This loan will be used to fund the construction of Building A. The total loan from this Memorandum of Understanding as of June 30, 2024 is \$42,540,601. The loan bears interest at 5.25% for 30 years and repayment terms have not been set. This loan was reorganized in February 2024 and became of portion of the loans currently outstanding.

In September 2019, the University entered into a Memorandum of Understanding to issue debt not to exceed \$39,000,000 for the construction of University Square South at University Square. Campus Partners and the University agreed to amend this Memorandum of Understanding in July 2021 for debt not to exceed \$44,260,000. This loan is used to fund the construction of Building B1. The total loan from this Memorandum of Understanding as of June 30, 2024 is \$44,260,000. The loan will bear interest at 5.25% for 30 years and repayment terms have not been set. This loan was reorganized in February 2024 and became of portion of the loans currently outstanding.

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Debt activity for the year ended June 30, 2024 is as follows:

	Beginning balance	Additions	Repayments	Forgiven	Refinanced	Ending balance	Current portion
Debt name:							
OSU loan- Retail	\$ 31,046,276	—	1,293,595	—	—	29,752,681	1,293,595
OSU loan- Real Estate	13,022,746	—	—	—	(13,022,746)	—	—
OSU loan- Real Estate IV	21,363,651	—	—	—	(21,363,651)	—	—
OSU Loan- 15th & High Infrastructure	24,252,602	—	4,303,560	—	—	19,949,042	—
OSU Loan- 15th & High Development	6,795,000	—	—	—	(6,795,000)	—	—
OSU loan- University Square North	42,540,601	—	—	—	(42,540,601)	—	—
OSU Loan- University Square South	44,260,000	—	—	—	(44,260,000)	—	—
OSU loan- Event Center	7,516,108	283,892	—	—	—	7,800,000	530,447
OSU loan- University Square- USN Const ruction	—	—	1,570,852	—	41,085,423	39,514,571	—
OSU loan- University Square- USS Construction	—	—	—	—	52,050,429	52,050,429	1,817,766
OSU Loan- University Square- Vit ria Construction	—	—	—	—	10,271,356	10,271,356	358,708
OSU loan- University Square- Stranded	—	—	—	—	24,574,790	24,574,790	—
Total Debt	<u>\$ 190,796,984</u>	<u>283,892</u>	<u>7,168,007</u>	<u>—</u>	<u>—</u>	<u>183,912,869</u>	<u>4,000,516</u>

Debt activity for the year ended June 30, 2023 is as follows:

	Beginning balance	Additions	Repayments	Forgiven	Spin Off	Ending balance	Current portion
Debt name:							
OSU Loan- Retail	\$ 32,339,871	—	1,293,595	—	—	31,046,276	1,293,595
OSU loan- Real Estate	13,022,746	—	—	—	—	13,022,746	—
OSU Loan- Real Estate IV	21,363,651	—	—	—	—	21,363,651	—
15th & High Infrastructure	24,252,602	—	—	—	—	24,252,602	—
OSU Loan- 15th & High Development	6,795,000	—	—	—	—	6,795,000	—
OSU loan- University Square North	42,063,733	476,868	—	—	—	42,540,601	—
OSU Loan- University Square South	31,050,975	13,209,025	—	—	—	44,260,000	—
OSU loan- Event Center	315,092	7,201,016	—	—	—	7,516,108	—
Total Debt	<u>\$ 171,203,670</u>	<u>20,886,909</u>	<u>1,293,595</u>	<u>—</u>	<u>—</u>	<u>190,796,984</u>	<u>1,293,595</u>

**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of the Ohio State University)

Notes to Financial Statements

Years ended June 30, 2024 and 2023

Principal maturities and interest on long-term debt for the next five years and in subsequent five-year periods are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2025	\$ 4,000,516	4,616,342	8,616,858
2026	3,496,697	4,526,984	8,023,681
2027	3,589,834	4,433,847	8,023,681
2028	3,686,909	4,336,772	8,023,681
2029	3,788,089	4,235,592	8,023,681
2030-2034	20,614,372	19,504,031	40,118,403
2035-2039	23,868,550	16,249,854	40,118,404
2040-2044	27,293,759	12,257,447	39,551,206
2045-2049	26,946,872	7,748,354	34,695,226
2050-2053	22,103,439	2,412,093	24,515,532
Total	<u>\$ 139,389,037</u>	<u>80,321,316</u>	<u>219,710,353</u>

University and other loans not included in the table above include \$44,523,832 of loans that do not yet have set contractual payment terms, but are expected and intended to be paid back to the University or other debtors as contractual payment terms are agreed by Campus Partners and debtors.

(5) Related Party Transactions

On June 26, 2012, Campus Partners has entered into the 5th amendment to the ground lease with the University for the South Campus Gateway land. The 5th amendment allows for the land to be ground leased for \$1 a year until December 31, 2043. Campus Partners manages the common area at the South Campus Gateway. The common areas are used and the expense is billed back to the office and residential areas of the South Campus Gateway, both of which are managed by the University. As a result, Campus Partners bills the University for its portion of the maintenance. In addition, Campus Partners leases retail space to the University. Lease receivables due from University tenants as of June 30, 2024 and 2023 were \$2,060,118 and \$2,402,448, respectively. Accounts payable due to University tenants for the years ended June 30, 2024 and 2023 were \$238,342 and \$67,370, respectively. Total lease revenue and interest income recognized for University tenants at the South Campus Gateway for the years ended June 30, 2024 and 2023 were \$553,601 and \$582,194, respectively. Recovery of operating expenses from these University tenants for the years ended June 30, 2024 and 2023 were \$915,205 and \$1,290,461, respectively. University employees support the day-to-day operations and provide managerial oversight to Campus Partners. The value of these services constitutes additional in-kind income to Campus Partners but is not reported in Campus Partners' financial statements.

**CAMPUS PARTNERS FOR COMMUNITY URBAN
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Years ended June 30, 2024 and 2023

In 2018, Campus Partners began work on a building which will be occupied by WOSU, a related party. During 2019, Campus Partners and WOSU entered into a lease for WOSU to occupy a building owned by Campus Partners. During Fiscal Year 2020, the lease was revised. Per the terms of the revised lease WOSU paid a total of \$32,719,957 in prepaid rent to Campus Partners to fund the construction of the building. Total deferred inflows for the WOSU building are \$29,244,521 and \$30,334,379 as of June 30, 2024 and 2023, respectively. This building was placed in service in April 2021. Lease revenue recognized for the years ended June 30, 2024 and 2023 was \$1,089,858 and \$1,090,858, respectively.

In April 2015, the OSU Wexner Medical Center (“the Medical Center”) granted \$5,000,000 to Campus Partners to fund the purchase of land to be used for the construction of a new outpatient medical facility (“the facility”). In October 2015, the Medical Center entered into a 20- year lease agreement, with an additional 5-year bargain renewal option, with Campus Partners related to the occupancy of the facility. Per the terms of the lease, \$20,867,000 of the scheduled rent payments were used by Campus Partners towards the construction of the facility. The building went into service on July 14, 2016. Total deferred inflows for this building are \$17,735,442 and \$18,773,614 as of June 30, 2024 and 2023, respectively. Campus Partners recognized lease income on this property of \$1,038,172 for the years ended June 30, 2024 and 2023. Recovery of operating expense recognized from this property was \$579,600 and \$619,881 for the years ended June 30, 2024 and 2023, respectively.

Campus Partners and the University entered into a 30-year lease agreement for offices to be occupied by the Office of University Advancement at University Square North. The lease commenced in June 2021. Campus Partners recorded total lease revenue and interest income of \$2,420,877 and \$2,421,426 for the years ended June 30, 2024 and 2023, respectively. Lease receivables under this agreement totaled \$30,044,557 and \$30,089,595 as of June 30, 2024 and 2023, respectively. Deferred inflows under this agreement totaled \$26,956,872 and \$27,955,275 as of June 30, 2024 and 2023, respectively. During fiscal year 2022, this lease was amended dating back to the commencement date. The amendment lowered the base rent owed by the University.

Campus Partners and the University entered into a 30-year lease agreement for offices to be occupied by the Office of University Advancement at University Square South. The lease commenced in April 2023. Campus Partners recorded total lease revenue and interest income of \$3,696,651 and \$1,430,281 for the years ended June 30, 2024 and 2023, respectively. Lease receivables under this agreement totaled \$46,025,804 and \$53,486,131 as of June 30, 2024 and 2023, respectively. Deferred inflows under this agreement totaled \$43,726,806 and \$52,961,751 as of June 30, 2024 and 2023, respectively. During fiscal year 2024, this lease was amended dating back to the commencement date. The amendment lowered the base rent owed by the University.

**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of the Ohio State University)

Notes to Financial Statements

Years ended June 30, 2024 and 2023

(6) Condensed Information For Component Units

As indicated in the Basis of Presentation in Note 1, Campus Partners consolidates several component units in a blended presentation. Condensed combining financial as of and for the year ended June 30, 2024 is presented below.

	South Campus Gateway LLC	Campus Partners for Affordable Housing LLC	Redstone Realty LLC	Medstone Realty LLC	Total
Condensed statements of net position:					
Current assets	\$ 1,474,694	1,383,870	6,291,215	721,398	9,871,177
Capital assets, net	24,646,474	—	171,534,042	19,399,350	215,579,866
Other assets	12,290,779	800,000	74,633,325	—	87,724,104
Total assets	<u>\$ 38,411,947</u>	<u>2,183,870</u>	<u>252,458,582</u>	<u>20,120,748</u>	<u>313,175,147</u>
Current liabilities	\$ 3,611,816	417,196	5,226,501	720,814	9,976,327
Noncurrent amounts payable to the university	27,260,478	—	152,651,874	—	179,912,352
Total liabilities	<u>30,872,294</u>	<u>417,196</u>	<u>157,878,375</u>	<u>720,814</u>	<u>189,888,679</u>
Deferred Inflows of Resources	8,086,476	—	105,038,690	17,735,442	130,860,608
Net investment in capital assets	(370,405)	—	12,638,053	19,399,350	31,666,998
Unrestricted	(176,418)	1,766,674	(23,096,536)	(17,734,858)	(39,241,138)
Total net position (deficit)	<u>(546,823)</u>	<u>1,766,674</u>	<u>(10,458,483)</u>	<u>1,664,492</u>	<u>(7,574,140)</u>
Total liabilities and net position (deficit)	<u>\$ 38,411,947</u>	<u>2,183,870</u>	<u>252,458,582</u>	<u>20,120,748</u>	<u>313,175,147</u>

**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of the Ohio State University)

Notes to Financial Statements

Years ended June 30, 2024 and 2023

	South Campus Gateway LLC	Campus Partners for Affordable Housing LLC	Redstone Realty LLC	Medstone Realty LLC	Total
Condensed statements of revenues, expenses and changes in net position:					
Operating revenues:					
Lease income	\$ 3,185,093	—	4,214,479	1,038,172	8,437,744
Tenant recovery revenue	1,976,246	—	2,798,754	579,601	5,354,601
Other operating	1,053,120	529,834	2,075,796	—	3,658,750
Total operating revenues	<u>6,214,459</u>	<u>529,834</u>	<u>9,089,029</u>	<u>1,617,773</u>	<u>17,451,095</u>
Operating expenses, excluding depreciation	3,425,435	670,072	6,546,543	579,603	11,221,653
Depreciation and amortization	1,659,397	—	5,492,263	819,408	7,971,068
Total operating expenses	<u>5,084,832</u>	<u>670,072</u>	<u>12,038,806</u>	<u>1,399,011</u>	<u>19,192,721</u>
Net operating income (loss)	<u>1,129,627</u>	<u>(140,238)</u>	<u>(2,949,777)</u>	<u>218,762</u>	<u>(1,741,626)</u>
Non-operating revenues and expenses:					
Interest income	437,027	166,064	4,118,184	—	4,721,275
Interest expense	—	—	(4,702,075)	—	(4,702,075)
Other non-operating revenue (expense)	—	(165,318)	2,000,000	—	1,834,682
Net non-operating revenue	<u>437,027</u>	<u>746</u>	<u>1,416,109</u>	<u>—</u>	<u>1,853,882</u>
Increase (decrease) in net position (deficit)	1,566,654	(139,492)	(1,533,668)	218,762	112,256
Beginning net position (deficit)	<u>(2,113,477)</u>	<u>1,906,166</u>	<u>(8,924,815)</u>	<u>1,445,730</u>	<u>(7,686,396)</u>
Ending net position (deficit)	<u>\$ (546,823)</u>	<u>1,766,674</u>	<u>(10,458,483)</u>	<u>1,664,492</u>	<u>(7,574,140)</u>

**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of the Ohio State University)

Notes to Financial Statements

Years ended June 30, 2024 and 2023

	Campus Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	Redstone Realty LLC	Medstone Realty LLC	Total
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	\$ (2,536,543)	(62,492)	585,949	—	(2,013,086)
Noncapital financing activities	—	(165,318)	2,000,000	—	1,834,682
Capital and related financing activities	2,277,499	—	(9,574,632)	—	(7,297,133)
Net decrease in cash	(259,044)	(227,810)	(6,988,683)	—	(7,475,537)
Beginning cash and restricted cash	2,070,424	1,049,416	8,388,480	892	11,509,212
Ending cash and restricted cash	\$ 1,811,380	821,606	1,399,797	892	4,033,675

Condensed combined financial information for the year ended June 30, 2023 is presented below.

	Campus Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	Redstone Realty LLC	Medstone Realty LLC	Total
Condensed statements of net position:					
Current assets	\$ 6,272,559	1,474,922	9,577,054	631,149	17,955,684
Capital assets, net	26,667,988	—	172,439,410	20,218,758	219,326,156
Other assets	8,197,327	800,000	88,915,573	—	97,912,900
Total assets	\$ 41,137,874	2,274,922	270,932,037	20,849,907	335,194,740
Current liabilities	\$ 2,870,165	368,756	3,283,574	630,564	7,153,059
Noncurrent liabilities	—	—	—	—	—
Noncurrent amounts payable to the university	29,752,681	—	159,750,708	—	189,503,389
Total liabilities	32,622,846	368,756	163,034,282	630,564	196,656,448
Deferred Inflows of Resources	10,628,505	—	116,822,570	18,773,613	146,224,688
Net investment in capital assets	(4,378,291)	—	11,755,754	20,218,758	27,596,221
Unrestricted	2,264,814	1,906,166	(20,680,569)	(18,773,028)	(35,282,617)
Total net position (deficit)	(2,113,477)	1,906,166	(8,924,815)	1,445,730	(7,686,396)
Total liabilities and net position (deficit)	\$ 41,137,874	2,274,922	270,932,037	20,849,907	335,194,740

**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of the Ohio State University)

Notes to Financial Statements

Years ended June 30, 2024 and 2023

	<u>South Campus Gateway LLC</u>	<u>Campus Partners for Affordable Housing LLC</u>	<u>Redstone Realty LLC</u>	<u>Medstone Realty LLC</u>	<u>Total</u>
Condensed statements of revenues, expenses and changes in net position:					
Operating revenues:					
Rental income	\$ 3,372,739	—	3,148,726	1,045,088	7,566,553
Tenant recovery revenue	2,025,263	—	1,645,943	619,881	4,291,087
Other operating	(369,118)	136,994	1,713,250	—	1,481,126
Total operating revenues	<u>5,028,884</u>	<u>136,994</u>	<u>6,507,919</u>	<u>1,664,969</u>	<u>13,338,766</u>
Operating expenses, excluding depreciation					
Depreciation and amortization	2,547,201	336,137	6,353,818	630,479	9,867,635
	<u>1,688,395</u>	<u>—</u>	<u>3,233,324</u>	<u>819,408</u>	<u>5,741,127</u>
Total operating expenses	<u>4,235,596</u>	<u>336,137</u>	<u>9,587,142</u>	<u>1,449,887</u>	<u>15,608,762</u>
Net operating income (loss)	<u>793,288</u>	<u>(199,143)</u>	<u>(3,079,223)</u>	<u>215,082</u>	<u>(2,269,996)</u>
Non-operating revenues and expenses:					
Interest income	545,378	119,954	2,470,774	—	3,136,106
Interest expense	—	—	(156,000)	—	(156,000)
Other non-operating revenue (expense)	—	(570,939)	—	—	(570,939)
Net non-operating revenue (expense)	<u>545,378</u>	<u>(450,985)</u>	<u>2,314,774</u>	<u>—</u>	<u>2,409,167</u>
Change in net position (deficit)	<u>1,338,666</u>	<u>(650,128)</u>	<u>(764,449)</u>	<u>215,082</u>	<u>139,171</u>
Increase (decrease) in net position	1,338,666	(650,128)	(764,449)	215,082	139,171
Beginning net position (deficit)	<u>(3,452,143)</u>	<u>2,556,294</u>	<u>(8,160,366)</u>	<u>1,230,648</u>	<u>(7,825,567)</u>
Ending net position (deficit)	<u>\$ (2,113,477)</u>	<u>1,906,166</u>	<u>(8,924,815)</u>	<u>1,445,730</u>	<u>(7,686,396)</u>

**CAMPUS PARTNERS FOR COMMUNITY URBAN
REDEVELOPMENT**

(A component unit of the Ohio State University)

Notes to Financial Statements

Years ended June 30, 2024 and 2023

	South Campus Gateway LLC	Campus Partners for Affordable Housing LLC	Redstone Realty LLC	Medstone Realty LLC	Total
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	\$ (3,465,352)	358,335	2,162,030	—	(944,987)
Noncapital financing activities	—	(570,939)	—	—	(570,939)
Capital and related financing activities	4,534,865	—	4,397,560	—	8,932,425
Net increase (decrease) in cash	1,069,513	(212,604)	6,559,590	—	7,416,499
Beginning cash and restricted cash	1,000,911	1,262,020	1,828,890	892	4,092,713
Ending cash and restricted cash	\$ 2,070,424	1,049,416	8,388,480	892	11,509,212

(7) Commitments And Contingencies

(a) Litigation

Campus Partners is a party to certain legal proceedings that arise in the ordinary course of business. Campus Partners records a liability when a loss is considered probable and the amount can be reasonably estimated. Management does not expect there to be consequences from these proceedings that would have a material adverse impact on Campus Partners' financial statements.

(b) Concentration of Credit Risk

For the year ended June 30, 2024, Campus Partners had rental income generated from five tenants, which represented greater than 10% of Campus Partners' rental income.

	2024 Lease revenue	% of Total rent-2024	2023 Lease revenue	% of Total rent-2023	Related party
Tenant:					
OSU Office of Advancement	\$ 998,403	12	\$ 998,402	13	Yes
OSU University Square South	1,520,785	18	586,531	8	Yes
Barnes & Noble	997,833	12	997,833	13	No
Wexner Medical Center	1,038,172	12	1,038,172	14	Yes *
WOSU	1,090,858	13	1,090,858	14	Yes *

* Rent is fully prepaid



KPMG LLP
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**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

The Board of Directors of
Campus Partners for Community Urban Redevelopment:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Campus Partners for Community Urban Redevelopment ("Campus Partners"), which comprise Campus Partners' statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Campus Partners' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Campus Partners' internal control. Accordingly, we do not express an opinion on the effectiveness of Campus Partners' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campus Partners' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Columbus, Ohio
November 20, 2024

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OHIO AUDITOR OF STATE KEITH FABER



THE OHIO STATE UNIVERSITY CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/26/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov