

# **Campus Partners for Community Urban Redevelopment and Subsidiaries**

(A component unit of The Ohio State University)

## **Consolidated Financial Statements**

As of and for the Years Ended June 30, 2021 and 2020  
and Report of Independent Auditors



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
OSU Campus Partners for Community Urban Redevelopment and Subsidiaries  
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We have reviewed the *Independent Auditor's Report* of OSU Campus Partners for Community Urban Redevelopment and Subsidiaries, Franklin County, prepared by PricewaterhouseCoopers LLP, for the audit period July 1, 2020 through June 30, 2021. 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. OSU Campus Partners for Community Urban Redevelopment and Subsidiaries is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 29, 2021

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# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

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## **Report of Independent Auditors**

To the Board of Directors of  
Campus Partners for Community Urban Redevelopment:

We have audited the accompanying consolidated financial statements of Campus Partners for Community Urban Redevelopment and Subsidiaries (“Campus Partners”), a component unit of The Ohio State University, which comprise the consolidated statements of net position as of June 30, 2021 and 2020, the related consolidated statements of revenues, expenses and other changes in net position and of cash flows for the years then ended, and the related notes to the consolidated financial statements, which collectively comprise Campus Partners’ basic consolidated financial statements.

### ***Management’s Responsibility for the Consolidated Financial Statements***

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

### ***Auditors’ Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to Campus Partners’ preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Campus Partners for Community Urban Redevelopment and Subsidiaries as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matter***

#### *Required Supplementary Information*

The accompanying management's discussion and analysis on pages 3 through 10 is required by accounting principles generally accepted in the United States of America to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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 December 20, 2021 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 for the year ended June 30, 2021. 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 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.

*PricewaterhouseCoopers LLP*

December 20, 2021



# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2021

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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 and Subsidiaries ("Campus Partners") for the year ended June 30, 2021, with comparative information for the years ended June 30, 2020 and June 30, 2019. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

### 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 and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Campus Partners is governed by a seven-member board.

The consolidated 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.
- **The Gateway Theatre LLC** – Campus Partners is the single member of this LLC, which operates the Gateway Film Center.
- **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 body of these component units is 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.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

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### 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 Consolidated Statement of Net Position, a Consolidated Statement of Revenues, Expenses and Other Changes in Net Position, a Consolidated Statement of Cash Flows and Notes to the Financial Statements.

The **Consolidated Statement of Net Position** is Campus Partners' balance sheet. It reflects the total assets, liabilities and net position (equity) of Campus Partners as of June 30, 2021, with comparative information as of June 30, 2020. 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 **Consolidated Statement of Revenues, Expenses and Other Changes in Net Position** is Campus Partners' income statement. It details how net position has increased (or decreased) during the year ended June 30, 2021, with comparative information for the year ended June 30, 2020, 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 **Consolidated Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2021, with comparative information for the year ended June 30, 2020. 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 Consolidated 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.

# **CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES**

(A component unit of The Ohio State University)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021**

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### **Financial Highlights**

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, has altered the behavior of businesses and people in a manner that has had and is expected to continue to have effects on global and local economies, including the State of Ohio. In response to the public health crisis in 2020, the university suspended in-person instruction for spring and summer semesters and canceled virtually all university events. The Wexner Medical Center temporarily suspended elective procedures.

University operations returned to more normal levels in 2021, with the resumption of in-person instruction. The university conducted extensive testing of students, faculty and staff throughout the 2020-2021 academic year and maintained on-campus safety protocols, including masking, social distancing and limits on group gatherings. As vaccination rates continued to increase and other health and safety protocols remained effective, the university announced that it expected to return to more of a traditional university experience for the Autumn 2021 semester. The University State of Emergency, which was declared by the university president on March 22, 2020, was lifted effective July 1, 2021.

Campus Partners was affected in three separate ways. First, the development at University Square was paused and delayed. Second, the Gateway Film Center was closed for eight months during Fiscal Year 2021. Finally, a number of the tenants at The Gateway reached agreements for a deferral of their rent.

The impact of COVID-19 on Campus Partners finances and operations may continue to be felt for at least the coming (FY2022) fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus continue to spread in the United States and around the world. Campus Partners management continues to monitor the course of the pandemic and is prepared to take additional measures to promote the continuity of redevelopment of the University District.

For Fiscal Year 2021, total net position for Campus Partners decreased \$849,000, reflecting decreases in Gateway theatre sales and an increase in depreciation expense. These declines were offset partially by lower operating expenses and an increase in Non-Operating Revenue. Work continued throughout 2021 on the 15<sup>th</sup> + High redevelopment project. Project expenditures totaled \$53.8 million and were funded by \$39.1 million in loans from the university and \$16.1 million in rent prepayments from WOSU.

The following sections provide additional details on Campus Partners' Fiscal Year 2021 financial results and a look ahead at significant economic conditions that are expected to affect the organization in the future.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

### Summary Statement of Net Position

Summary Statement of Net Position			
	2021	2020	2019
Cash and restricted cash	\$ 5,773,910	\$ 8,463,719	\$ 3,395,063
Accounts, grants and notes receivable	3,165,495	2,538,685	4,475,213
Inventory and prepaid expenses	129,749	84,032	125,158
Total current assets	<u>9,069,154</u>	<u>11,086,436</u>	<u>7,995,434</u>
Notes receivable	800,000	800,000	2,460,953
Capital assets, net	194,459,404	139,605,472	105,504,872
Unamortized leasing costs, net	665,482	654,432	651,157
Total noncurrent assets	<u>195,924,886</u>	<u>141,059,904</u>	<u>108,616,982</u>
Total assets	<u>\$ 204,994,040</u>	<u>\$ 152,146,340</u>	<u>\$ 116,612,416</u>
Accounts payable and accrued expenses	\$ 11,303,359	\$ 10,642,699	\$ 3,998,550
Loans payable to university -- current portion	1,293,595	1,296,595	1,293,595
Unearned income -- current portion	2,749,963	1,470,145	1,325,326
Other current liabilities	146,427	108,684	200,897
Total current liabilities	<u>15,493,344</u>	<u>13,518,123</u>	<u>6,818,368</u>
Loans payable to university	145,593,043	107,737,421	89,308,458
Other loans payable	437,083	507,200	1,660,954
Unearned income -- noncurrent portion	51,372,785	37,440,076	24,604,108
Total noncurrent liabilities	<u>197,402,911</u>	<u>145,684,697</u>	<u>115,573,520</u>
Total liabilities	<u>212,896,255</u>	<u>159,202,820</u>	<u>122,391,888</u>
Net investment in capital assets	38,970,884	23,092,208	12,993,476
Unrestricted	<u>(46,873,099)</u>	<u>(30,145,688)</u>	<u>(18,772,948)</u>
Total net position	<u>(7,902,215)</u>	<u>(7,053,480)</u>	<u>(5,779,472)</u>
Total liabilities and net position	<u>\$ 204,994,040</u>	<u>\$ 152,149,340</u>	<u>\$ 116,612,416</u>

Total Campus Partners **cash and restricted cash** decreased \$2.7 million, to \$5.8 million at June 30, 2021, primarily due to spending on the University Square redevelopment project, most of which was offset by inflows related to university loans and prepaid rent from WOSU. Amounts shown as restricted cash consist of tenant security deposits, which are released from restriction upon expiration of the tenant leases. The Consolidated 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.

**Accounts receivable, net of allowances** -- which consist primarily of straight-line rent receivables, accounts receivable from tenants at South Campus Gateway, and interest receivable-- decreased \$4,000, to \$2.5 million at June 30, 2021, reflecting increases in accounts receivable from tenants at South Campus Gateway and Redstone. The increase was offset by an increase in the total reserve for bad debt by \$148,000 due to uncertainty about collection of

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

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accrued interest. The reserve was \$577,000 and \$429,000 at June 30, 2021 and 2020, respectively.

**Grant receivable** increased to \$623,000 to \$623,000 at June 30, 2021. The increase is due to The Gateway Film Center being awarded the Shuttered Venue Operating Grant (SVOG) during the current year, however the funding was not received as of June 30, 2021.

**Notes receivable**, consists of one note receivable from a property development company. During Fiscal Year 2021, there was no activity on the note.

**Capital assets**, net of accumulated depreciation, increased \$54.9 million, to \$194.5 million at June 30, 2021. Capital additions for the University Square redevelopment project totaled \$57.8 million in 2021. During the year ended June 30, 2021, two buildings moved from construction in process to in-service. Those buildings were the WOSU building and the University Square North building. The University Square South building remains in construction in process due to a delay caused by Covid-19. Campus Partners' estimated future capital commitments, based on contracts and purchase orders, total approximately \$24.0 million at June 30, 2021.

**Accounts payable and accrued expenses** increased \$661,000, to \$11.3 million at June 30, 2021. In increase reflects an increase in outstanding and accrued invoices related to capital expenditures of \$1.1 million.

**Unearned income** increased \$15.2 million, to \$54.1 million at June 30, 2021, due to \$16.1 million of prepaid rent received from WOSU Public Media for the lease of the new WOSU building at 14<sup>th</sup> Avenue and Pearl. The WOSU lease commenced in April 2021. The total prepaid rent for the WOSU building will be recognized as rental income over the 30-year term of the lease. The increase was also partially offset by the recognition of rental income for the OSU Wexner Medical Center facility at 1800 Zollinger Road. The total prepaid rent for the medical facility will be recognized as rental income over the 25-year term of the lease.

**Loans payable to the university** increased \$37.9 million, to \$146.9 million at June 30, 2021. The increase reflects loan draws related to the 15<sup>th</sup> & High Redevelopment project, which totaled \$39.1 million in 2021. These loan draws were partially offset by \$1.3 million in principal payments on the OSU Retail loan.

**Other loans payable** decreased \$37,000, to \$437,000 at June 30, 2021. The decrease was due to forgiveness of loans and loan repayment at The Gateway Film Center. The decrease was offset partially by a new loan received by The Gateway Film Center.

**Total net position** decreased by \$849,000, to negative \$7.9 million at June 30, 2021. The change was principally due to non-operating income recognized during Fiscal Year 2021.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

### Statement of Revenues, Expenses and Other Changes in Net Position

Summary Statement of Revenues, Expenses and Other Changes in Net Position			
	2021	2020	2019
Operating Revenues:			
Rental income	\$ 5,128,980	\$ 4,957,333	\$ 4,660,039
Recovery of operating expenses	2,472,813	2,505,198	2,692,828
Gateway theatre sales	221,982	1,839,856	2,588,146
Other operating income	456,345	209,581	915,630
Total operating revenues	<u>8,280,120</u>	<u>9,511,968</u>	<u>10,856,643</u>
Operating Expenses:			
Property operating and maintenance	1,877,441	2,153,577	2,156,128
Real estate taxes	2,386,439	1,668,921	2,115,971
Professional services	834,294	1,772,379	1,317,691
Salaries and wages	931,041	1,276,690	1,581,505
Gateway theatre film, food and beverage	128,093	871,718	1,125,048
Selling, general and administrative	595,713	711,460	685,260
Depreciation and amortization	3,881,248	3,028,464	3,091,442
Total operating expenses	<u>10,634,269</u>	<u>11,483,209</u>	<u>12,073,045</u>
Net operating loss	(2,354,149)	(1,971,241)	(1,216,402)
Non-operating revenues (expenses):			
Grants and contributions	1,346,111	358,192	540,338
Interest expense	(8)	(78,238)	(137,975)
Other non-operating revenue (expense)	(118,449)	417,279	286,028
Net non-operating revenue (expense)	<u>1,227,654</u>	<u>697,233</u>	<u>688,391</u>
Income (loss) before other changes in net position	(1,126,495)	(1,274,008)	(528,011)
Other changes in net position:			
Forgiveness of debt	277,760	-	2,000,000
Capital grant income	-	-	3,250,000
Increase (decrease) in net position	(848,735)	(1,274,008)	4,721,989
Net position -- beginning of year	<u>(7,053,480)</u>	<u>(5,779,472)</u>	<u>(10,501,461)</u>
Net position -- end of year	<u>\$ (7,902,215)</u>	<u>\$ (7,053,480)</u>	<u>\$ (5,779,472)</u>

**Rental income** -- which includes income from leases at South Campus Gateway and Redstone as well as other properties held by Medstone -- increased \$172,000, to \$5.1 million in Fiscal Year 2021. The increase relates primarily to an increase in rental income at Redstone with University Square North and WOSU going into service in the last quarter of the year. The increase in rental income at Redstone offset a decline in rental income at South Campus Gateway of \$272,000. The decrease in rental income at South Campus Gateway is driven primarily by two vacant spaces representing 5.3% of the leasable space at South Campus Gateway.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

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**Recovery of operating expenses** decreased \$32,000, to \$2.5 million in Fiscal Year 2021. The decline was due to lower operating costs at The Gateway. Sales of **tickets, food and beverages** at the Gateway Theatre, decreased \$1.6 million, to \$222,000 in Fiscal Year 2021 due to the Gateway Theatre being closed eight months of the current year due to Covid-19.

**Other operating income**, which includes Tax Increment Financing (TIF) income, lease termination fees and other miscellaneous income, increased \$247,000, to \$456,000 in Fiscal Year 2021. The increase relates primarily to income from the 15<sup>th</sup> & High TIF and the Gateway TIF. During Fiscal Year 2021, Campus Partners received TIF income totaling \$380,000 compared to \$192,000 during Fiscal year 2020.

**Property operating and maintenance expenses** decreased \$276,000, to \$1.9 million in Fiscal Year 2021. **Real estate taxes** increased \$718,000, to \$2.4 million in Fiscal Year 2021, reflecting an increase in real estate taxes paid by Redstone and The Gateway. Both entities had higher real estate taxes due to high valuations of their properties. **Professional services** expenses decreased by \$938,000 to \$834,000 in Fiscal Year 2021, due to lower spending on professional fees related to the 15<sup>th</sup> & High development.

**Salaries and wages** decreased by \$346,000, to \$931,000 in Fiscal Year 2021. **Gateway theatre film, food and beverage expenses** decreased by \$744,000 to \$128,000 in Fiscal Year 2021. The decreases were due to the Gateway Theatre being closed for eight months of the current year due to Covid-19.

**Depreciation and amortization expense** increased \$853,000, to \$3.9 million in Fiscal Year 2021, due to WOSU and University Square North going into service and an increase in tenant improvement depreciation and amortization at The Gateway due to a tenant leaving prior to their lease ending.

**Grants and Contributions** increased \$988,000 to \$1.3 million in Fiscal Year 2021. The increase was due to activity at the Gateway Film Center, partially related to grants for venues that suffered due to Covid-19.

**Forgiveness of Debt** increased \$278,000 to \$278,000 due to the forgiveness of the first round of Payroll Protection Program (PPP).

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

### Statement of Cash Flows

Summary Statement of Cash Flows			
	2021	2020	2019
Net cash provided (used) by operating activities	\$ 16,344,883	\$ 15,079,364	\$ 3,114,875
Net cash provided (used) by non-capital financing activities	680,346	487,156	44,940
Proceeds from notes payable and university loans	39,149,211	19,722,557	11,405,000
Proceeds from sale of capital assets	-	298,674	570,676
Proceeds from capital grants	-	2,000,000	1,250,000
Payments for purchase or construction of capital assets	(57,240,126)	(31,387,070)	(13,402,080)
Principal and interest payments on university loans	(1,293,588)	(1,293,595)	(1,293,595)
Repayment of advance from university	-	-	(466,179)
Deferred leasing costs	(330,535)	(160,596)	(307,564)
Net cash provided by investing activities	-	322,166	36,037
Net increase (decrease) in cash	<u>\$ (2,689,809)</u>	<u>\$ 5,068,656</u>	<u>\$ 952,110</u>

**Net cash provided by operating activities** increased \$1.3 million in Fiscal Year 2021. The increase was due primarily to \$16.1 million received from WOSU for prepaid rent. Campus Partners also had a \$1.6 million reduction in receipts from the Gateway Theatre in 2021.

**Net cash provided by noncapital financing activities** increased \$193,000 in Fiscal Year 2021, due to an increase in noncapital grants received by the Gateway Theatre and non-capital grants paid.

**Net cash used by capital financing activities** decreased \$8.9 million in 2021, primarily due to a \$57.3 million in spending on the purchase of capital assets, almost entirely for the 15<sup>th</sup> & High redevelopment project. The spending was offset by proceeds from university loans of \$39.1 million all for the 15<sup>th</sup> & High redevelopment project.

### Economic Factors That Will Affect the Future

South Campus Gateway is responsible for about 67% of the 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.

Redstone incurred an additional \$39.1 million in debt for the University Square redevelopment project in the current year, bringing the total debt related to the 15th & High project to \$113.2 million as of June 30, 2021. The debt is split between three projects on the site: Infrastructure, University Square North and University Square South. 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. Construction continues on the site infrastructure project. University Square North and WOSU buildings went into service in April and May 2021. University Square South is expected to be completed in August 2022.



# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## CONSOLIDATED STATEMENTS OF NET POSITION AS OF JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 5,660,751	\$ 8,339,390
Restricted Cash	113,159	124,329
Accounts receivable - net of allowances for doubtful accounts of \$576,831 and \$429,082	2,542,256	2,538,685
Grants receivable	623,239	-
Inventory and prepaid expenses	129,749	84,032
Total Current Assets	<u>9,069,154</u>	<u>11,086,436</u>
Noncurrent Assets:		
Notes receivable	800,000	800,000
Capital assets, net	194,459,404	139,605,472
Unamortized leasing costs, net	665,482	654,432
Total Noncurrent Assets	<u>195,924,886</u>	<u>141,059,904</u>
<b>Total Assets</b>	<u><u>\$ 204,994,040</u></u>	<u><u>\$ 152,146,340</u></u>
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
Accounts payable	\$ 4,759,634	\$ 8,168,304
Accrued expenses	6,543,725	2,474,395
Loans payable to university -- current portion	1,293,595	1,293,595
Loans payable -- current portion	33,268	-
Unearned income - current portion	2,749,963	1,470,145
Rent and construction deposits	113,159	108,684
Total Current Liabilities	<u>15,493,344</u>	<u>13,515,123</u>
Noncurrent Liabilities:		
Loans payable to university	145,593,043	107,737,421
Loans payable	437,083	507,200
Unearned income - noncurrent portion	51,372,785	37,440,076
Total Noncurrent Liabilities	<u>197,402,911</u>	<u>145,684,697</u>
<b>Total Liabilities</b>	<u>212,896,255</u>	<u>159,199,820</u>
Net Position:		
Net investment in capital assets	38,970,884	23,092,208
Unrestricted	(46,873,099)	(30,145,688)
<b>Total Net Position</b>	<u>(7,902,215)</u>	<u>(7,053,480)</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 204,994,040</u></u>	<u><u>\$ 152,146,340</u></u>

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

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND OTHER CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>Operating Revenues</b>		
Rental income	\$ 5,128,980	\$ 4,957,333
Recovery of operating expenses	2,472,813	2,505,198
Gateway theatre sales	221,982	1,839,856
Other operating income	456,345	209,581
Total Operating Revenues	<u>8,280,120</u>	<u>9,511,968</u>
<b>Operating Expenses</b>		
Property operating and maintenance	1,877,441	2,153,577
Real estate taxes	2,386,439	1,668,921
Professional services	834,294	1,772,379
Salaries and wages	931,041	1,276,690
Gateway theatre film, food and beverage	128,093	871,718
Selling, general and administrative	595,713	711,460
Depreciation and amortization	3,881,248	3,028,464
Total Operating Expenses	<u>10,634,269</u>	<u>11,483,209</u>
Net Operating Loss	<u>(2,354,149)</u>	<u>(1,971,241)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Interest income	109,001	174,675
Gain on sale of assets	-	298,674
Non-capital grant income	1,346,111	358,192
Non-capital grant expense	(227,450)	(56,070)
Interest expense	(8)	(78,238)
Total Non-Operating Revenue	<u>1,227,654</u>	<u>697,233</u>
Loss before other changes in net position	<u>(1,126,495)</u>	<u>(1,274,008)</u>
<b>Other changes in net position:</b>		
Forgiveness of debt	277,760	-
Total Changes in Net Position	<u>277,760</u>	<u>-</u>
Decrease in net position	(848,735)	(1,274,008)
Net Position - Beginning of Year	<u>(7,053,480)</u>	<u>(5,779,472)</u>
Net Position - End of Year	<u>\$ (7,902,215)</u>	<u>\$ (7,053,480)</u>
<i>The accompanying notes are an integral part of these consolidated financial statements.</i>		

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>Cash Flows from Operating Activities:</b>		
Receipts from tenants	\$ 23,346,992	\$ 20,318,896
Receipts from Gateway theatre	255,604	1,859,620
Payments to employees	(924,754)	(1,310,064)
Payments to vendors for supplies and services	(6,332,959)	(5,789,089)
Net cash provided by operating activities	<u>16,344,883</u>	<u>15,079,363</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Principal payments on non-capital notes payable	(24,850)	(1,748,213)
Cash received on non-capital notes receivable	-	1,748,213
Cash received on non-capital notes payable	265,761	507,200
Interest payments on non-capital notes payable	-	(322,166)
Cash received non-capital grants	666,885	358,192
Cash paid non-capital grants	(227,450)	(56,070)
Net cash provided by noncapital financing activities	<u>680,346</u>	<u>487,156</u>
<b>Cash Flows from Capital Financing Activities:</b>		
Proceeds from university loans	39,149,211	19,722,557
Cash received capital grants	-	2,000,000
Principal payments on university loans	(1,293,588)	(1,293,595)
Payments for purchase or construction of capital assets	(57,240,126)	(31,387,069)
Proceeds from sale of capital assets	-	298,674
Deferred leasing costs	(330,535)	(160,596)
Net cash used by capital financing activities	<u>(19,715,038)</u>	<u>(10,820,029)</u>
<b>Cash Flows from Investing Activities:</b>		
Interest income	-	322,167
Net cash provided by investing activities	<u>-</u>	<u>322,167</u>
Net increase (decrease) in Cash and restricted cash	(2,689,809)	5,068,656
Cash and restricted cash - Beginning of Year	<u>8,463,719</u>	<u>3,395,063</u>
Cash and restricted cash - End of Year	<u>\$ 5,773,910</u>	<u>\$ 8,463,719</u>
<i>The accompanying notes are an integral part of these consolidated financial statements.</i>		

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Reconciliation of Net Operating Loss to Cash Provided by Operations:</b>		
Net operating loss	\$ (2,354,149)	\$ (1,971,241)
Adjustments to reconcile net operating loss to cash provided by operations:		
Depreciation and amortization expense	3,881,248	3,028,464
Bad debt expense	223,565	204,592
Changes in assets and liabilities:		
Accounts receivable	(113,664)	(513,878)
Inventory and prepaid expenses	(45,718)	41,126
Accounts payable	(595,040)	264,187
Accrued expenses	131,643	1,050,278
Rent and construction deposits	4,475	(4,952)
Unearned income	<u>15,212,523</u>	<u>12,980,787</u>
Net cash provided by operating activities	<u>\$ 16,344,883</u>	<u>\$ 15,079,363</u>
<b>Non Cash Transactions:</b>		
Construction in Process in Accounts Payable and Accrued Expenses	\$ 8,601,882	\$ 7,482,247
Forgiveness of Debt	\$ 277,760	\$ -
<i>The accompanying notes are an integral part of these consolidated financial statements.</i>		

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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### NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Campus Partners for Community Urban Redevelopment and Subsidiaries (“Campus Partners”) is a component unit of The Ohio State University (the “university”). The financial activity of Campus Partners is discretely presented in the consolidated financial statements of the university. The cost of the operations of Campus Partners is funded primarily by rental operations and subsidies from the university, 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.

#### Basis of Presentation

The accompanying presents the consolidated financial statements of Campus Partners, which constitutes the primary government for financial reporting purposes. In addition, the consolidated financial statement includes component units -- legally separate organizations for which Campus Partners is financially accountable. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus*, defines financial accountability. 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.

Campus Partners’ 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.
- **The Gateway Theatre LLC** – Campus Partners is the single member of this LLC, which operates the Gateway Film Center.
- **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.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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- **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 body of these component units is 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. Summary financial statement information for Campus Partners' blended component units is provided in Note 6.

### **Basis of Accounting**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. Campus Partners is reporting as a special purpose government engaged in business type activities (BTA) on the accrual basis. 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.
- **Unrestricted:** Amounts which are not subject to externally-imposed stipulations.

### **Cash**

Campus Partners' financial instruments that are exposed to concentrations of credit risk consist of cash. Cash is on deposit with three banking institutions.

At June 30, 2021, the carrying amount of Campus Partners' cash and restricted cash is \$5,773,910 as compared to bank balances of \$5,979,466. The differences in carrying amount and bank balances are caused by outstanding checks, deposits in transit and petty cash. Of the bank balances, \$1,000,897 is covered by federal deposit insurance and \$4,978,569 is uncollateralized as defined by the GASB. However, to mitigate any risk of loss, Campus Partners maintains its cash in four large financial institutions; consequently, management believes it is not exposed to any specific concentration of credit risk in relation to cash.

At June 30, 2020, the carrying amount of Campus Partners' cash and restricted cash is \$8,463,719 as compared to bank balances of \$8,565,373. The differences in carrying amount and bank balances are caused by outstanding checks, deposits in transit and petty cash. Of the bank balances, \$1,000,897 is covered by federal deposit insurance and \$7,564,476 is uncollateralized as defined by the GASB.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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### Restricted Cash

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

### Accounts Receivable, Net of Allowances

Accounts receivable consists of straight-line rent receivables, trade receivables, interest 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 results in receipts of amounts previously written off, recovery income is recognized for the amount collected.

Campus Partners, as a lessor, has retained substantially all of the risks and benefits of ownership and accounts for its leases as operating leases. Certain tenant leases provide for increases in minimum rental payments and for occupancy in periods where no rent is due. Campus Partners recognizes such rental revenue monthly on a straight-line basis over the contractual term of the leases. The expected straight-line rental income in excess of rents currently due under such lease agreements is recorded as an unbilled rent receivable. These receivables totaled \$543,040 and \$614,386 at June 30, 2021 and 2020, respectively. Certain operating leases contain contingent rent provisions 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 rental revenue until those specified sales targets are met and notification is received from the tenant.

The accounts receivable balances include accrued interest of \$894,217 and \$785,216 at June 30, 2021 and 2020, 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 \$494,216 and \$185,083 at June 30, 2021 and 2020.

### 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.

### Capital Assets

Capital assets are recorded at cost on the date of acquisition and are carried 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	27.5 to 39 years
Moveable equipment, furniture and software	3 to 10 years

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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Certain operating leases contain tenant improvement allowances under which Campus Partners contributes money towards the construction of leasehold improvements within the tenant's demised 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. Interest is capitalized during the development period and amortized over the estimated life of the building, once construction is complete.

Campus Partners reviews its capital assets on a regular basis for indicators of impairment, including evidence of physical damage, changes in legal or environmental factors, technological change or obsolescence, changes in manner or duration of use, and permanent construction stoppages. If these circumstances result in a significant and unexpected decline in service utility, the capital asset is considered impaired.

### **Unamortized Leasing Costs**

Unamortized leasing costs consist principally of lease origination costs. Lease origination costs consist of commissions paid to third parties and other direct costs related to leasing activities. These costs are amortized on a straight-line basis over the terms of the respective lease agreement. Unamortized leasing costs, net totaled \$665,482 and \$654,432 at June 30, 2021 and 2020, respectively.

### **Unearned Income**

Unearned income primarily consists of 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.

### **Rent and Construction Deposits**

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

### **Operating Revenues and Revenue Recognition**

Campus Partners defines operating revenues, for purposes of reporting in the Statement of Revenues, Expenses and Other Changes in Net Position, as those revenues that generally result from exchange transactions. Other revenues are shown as non-operating. Rental income is recognized on a straight-line basis over the term of the lease. Campus Partners' leases generally contain provisions under which tenants reimburse Campus Partners for a portion of operating expenses and real estate taxes incurred; income for recovery of operating expenses is recognized as expenses are incurred. Gateway theatre sales generally are recognized at the point of sale. Other operating income includes Tax Incremental Financing (TIF) reimbursement income and lease termination income.

### **Income Taxes**

Campus Partners is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.



# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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### 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, and the collectability of accounts and notes receivable. Actual results could differ from those estimates.

### Newly Issued Accounting Pronouncements

In order to provide temporary relief to governments in light of the COVID-19 pandemic, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement – which was issued in May 2020 and is effective immediately – extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The effective dates of the accounting pronouncements listed below have been updated in accordance with Statement No. 95.

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees will record an intangible right-of-use asset and corresponding lease liability. Lessors will record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. This standard is effective for periods beginning after June 15, 2021 (FY2022).

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. Due to global reference rate reform, the London Interbank Offered Rate (LIBOR) is expected to cease to exist at the end of 2021. This standard addresses accounting and financial reporting implications that result from the replacement of an IBOR. The standard is effective for periods beginning after December 31, 2021 (FY2023).

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard addresses P3s and APAs and amends current guidance in GASB 60, Accounting and Financial Reporting for Service Concession Arrangements. In general, the standard applies the right-of-use model set forth in GASB 87 to P3 arrangements and provides accounting and disclosure guidance for both transferors and operators of governmental assets. The standard is effective for periods beginning after June 15, 2022 (FY2023).

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement requires recognition of a right-to-use subscription asset, initially measured as the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs. The subscription asset is then amortized over the subscription term. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (FY2023), and all reporting periods thereafter.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. It also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The provisions that limit the applicability of the "absence of a governing board" and "financial burden" criteria to arrangements other than defined contribution plans would be effective immediately; other provisions would be effective for reporting periods beginning after June 15, 2021.

In 2021, the university adopted GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The adoption of these standards had no material impact on the university's financial statements.

University management is currently assessing the impact that implementation of GASB Statements No. 87, 90, 93, 94, 96 and 97 will have on the university's financial statements.

### NOTE 2 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 is summarized as follows:

	Beginning Balance	Additions	Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 27,346,962	-	-	\$ 27,346,962
Construction in progress	59,742,395	53,828,803	(66,430,647)	47,140,551
Total non-depreciable assets	87,089,357	53,828,803	(66,430,647)	74,487,513
Capital assets being depreciated:				
Improvements other than buildings	9,825,840	616,052	-	10,441,892
Buildings and fixed equipment	66,633,493	3,951,351	66,430,647	137,015,491
Moveable equipment, furniture and software	2,305,403	26,695	-	2,332,098
Total	78,764,736	4,594,098	66,430,647	149,789,481
Less: Accumulated depreciation	26,248,621	3,568,969	-	29,817,590
Total depreciable assets, net	52,516,115	1,025,129	66,430,647	119,971,891
Capital assets, net	\$ 139,605,472	\$ 54,853,932	\$ -	\$ 194,459,404

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

Capital asset activity for the year ended June 30, 2020 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 27,346,962	-	-	\$ 27,346,962
Construction in progress	23,763,168	35,992,841	13,614	59,742,395
Total non-depreciable assets	51,110,130	35,992,841	13,614	87,089,357
Capital assets being depreciated:				
Improvements other than buildings	8,864,673	961,167	-	9,825,840
Buildings and fixed equipment	66,633,493	-	-	66,633,493
Moveable equipment, furniture and software	2,274,062	31,341	-	2,305,403
Total	77,772,228	992,508	-	78,764,736
Less: Accumulated depreciation	23,377,486	2,871,135	-	26,248,621
Total depreciable assets, net	54,394,742	(1,878,627)	-	52,516,115
Capital assets, net	\$ 105,504,872	\$ 34,114,214	\$ 13,614	\$ 139,605,472

### NOTE 3 – OPERATING LEASES FOR RETAIL

Rental property is being leased to parties under various operating lease agreements for lease terms ranging from 1 to 30 years. Annual future minimum rents due to be received under non-cancellable operating leases in effect at June 30, 2021 are as follows:

Years Ending June 30	
2022	6,322,332
2023	6,215,425
2024	6,158,505
2025	5,925,474
2026	4,783,956
2027-2031	21,628,472
2032-2036	17,660,075
2037-2041	19,034,243
2042-2046	21,015,342
2047-2051	20,367,494
Total	\$ 129,111,318

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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### NOTE 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. The Small Business Administration and Columbus Finance Fund issued loans to Campus Partners with the terms defined in the promissory notes.

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, 2021 was \$33,633,466.

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. The total outstanding principal balance at June 30, 2021 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. The total outstanding principal balance at June 30, 2021 was \$21,363,651.

In February 2016, the university entered into a Memorandum of Understanding to issue loans not to exceed \$30,000,000 to Campus Partners to finance the redevelopment of properties adjacent to the university's main campus at 15th Ave and High Street. Through June 30, 2021, Campus Partners has made draws totaling \$23,526,949. The loan does not bear interest and repayment terms have not been set. The total outstanding principal balance at June 30, 2021 was \$23,526,949.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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During 2019, the university entered into three Memorandum of Understandings to issue debt to Campus Partners for the 15th & High Development. The total of the loans from these three Memorandum of Understanding as of June 30, 2021 is \$6,795,000. The loans do not bear interest and repayment terms have not been set. The total outstanding principal balance at June 30, 2021 was \$6,795,000.

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 15<sup>th</sup> & High. This loan will be used to fund the construction of Building A. The total loan from this Memorandum of Understanding as of June 30, 2021 is \$36,548,852. The loan does not bear interest and repayment terms have not been set. The total outstanding principal balance at June 30, 2021 was \$36,548,852.

In September 2019, the university entered into a Memorandum of Understandings to issue debt not to exceed \$39,000,000 for the construction of University Square South at 15<sup>th</sup> & High. This loan will be used to fund the construction of Building B1. The total loan from this Memorandum of Understanding as of June 30, 2021 is \$11,995,974. The loan does not bear interest and repayment terms have not been set. The total outstanding principal balance at June 30, 2021 was \$11,995,974.

### **Other Loans:**

In addition to university loans, Campus Partners has loans from private and governmental sources, as summarized below.

In May 2020, The Gateway Theatre received a loan of \$287,800 under the Payroll Protection Program. This loan was forgiven in January 2021 under the terms of the Payroll Protection Program. The forgiveness was recognized as a gain on debt forgiveness on the income statement.

In April 2021, The Gateway Theatre received a loan of \$265,761 under the Payroll Protection Program. This loan was forgiven in October 2021, subsequent to June 30, 2021.

In June 2020, The Gateway Theatre received a loan of \$160,000 from the Small Business Administration under the Economic Injury Disaster Loan program. This loan has a term of 30 years at a 2.75% interest rate.

In May 2020, The Gateway Theatre received a loan of \$59,400 from the Columbus Finance Fund. This loan has a 24 month term at 0% interest rate.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

Debt activity for the year ended June 30, 2021 is as follows:

Debt Name	Beginning Balance	Additions	Repayments	Forgiven	Ending Balance	Current portion
OSU Loan- Retail	\$ 34,927,061	\$ -	\$ 1,293,595	\$ -	\$ 33,633,466	\$ 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	17,950,000	5,576,949	-	-	23,526,949	-
OSU Loan- 15th & High Development	6,795,000	-	-	-	6,795,000	-
OSU Loan- University Square North	9,842,613	26,706,239	-	-	36,548,852	-
OSU Loan- University Square South	5,129,945	6,866,029	-	-	11,995,974	-
PPP Loan	287,800	265,761	-	277,760	275,801	-
EIDL Loan	160,000	-	10,000	-	150,000	3,568
Finance Fund Loan	59,400	-	14,850	-	44,550	29,700
Total Debt	\$ 109,538,216	\$ 39,414,978	\$ 1,318,445	\$ 277,760	\$ 147,356,989	\$ 1,326,863

Debt activity for the year ended June 30, 2020 is as follows:

Debt Name	Beginning Balance	Additions	Repayments	Forgiven	Ending Balance	Current portion
OSU Loan- Retail	\$ 36,220,656	\$ -	\$ 1,293,595	\$ -	\$ 34,927,061	\$ 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	13,950,000	4,000,000	-	-	17,950,000	-
OSU Loan- 15th & High Development	6,045,000	750,000	-	-	6,795,000	-
OSU Loan- Building A Construction	-	9,842,613	-	-	9,842,613	-
OSU Loan- Building B1 Construction	-	5,129,945	-	-	5,129,945	-
PPP Loan	-	287,800	-	-	287,800	-
EIDL Loan	-	160,000	-	-	160,000	-
Finance Fund Loan	-	59,400	-	-	59,400	-
Columbus Foundation	1,748,213	-	1,748,213	-	-	-
Total Debt	\$ 92,350,266	\$ 20,229,758	\$ 3,041,808	\$ -	\$ 109,538,216	\$ 1,293,595

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

Years Ending June 30	Principal	Interest	Total
2022	1,326,863	3,709	1,330,572
2023	1,312,103	3,619	1,315,722
2024	1,297,345	3,527	1,300,872
2025	1,297,440	3,432	1,300,872
2026	1,297,538	3,334	1,300,872
2027-2031	6,489,235	15,125	6,504,360
2032-2036	6,492,062	12,298	6,504,360
2037-2041	6,495,209	9,151	6,504,360
2042-2046	6,498,832	5,528	6,504,360
2047-2050	1,321,210	1,493	1,322,703
Total	\$ 33,827,837	\$ 61,216	\$ 33,889,053

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

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### NOTE 5 – RELATED PARTY TRANSACTIONS

On June 26, 2012, Campus Partners has entered into the 5<sup>th</sup> amendment to the ground lease with the university for the South Campus Gateway land. The 5<sup>th</sup> 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. Accounts receivable due from university tenants for the years ended June 30, 2021 and 2020 were \$114,623 and \$34,219, respectively. Accounts payable due to university tenants for the years ended June 30, 2021 and 2020 were \$49,418 and \$40,122, respectively. Rental income from university tenants at the South Campus Gateway for the years ended June 30, 2021 and 2020 were \$605,932 and \$605,926, respectively. Recovery of operating expenses from these university tenants for the years ended June 30, 2021 and 2020 were \$1,199,471 and \$1,230,545 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.

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 will pay a total of \$32,838,302 in prepaid rent to Campus Partners to fund the construction of the building. The total prepaid rent balance for the WOSU building was \$32,534,681 and \$16,593,624 at the June 30, 2021 and 2020, respectively. This building was placed in service in April 2021. For the year ended June 30, 2021, Campus Partners recognized \$185,277 in rental income.

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. Campus Partners recorded the grant and lease prepayments as unearned income on the consolidated statement of net position. The total prepaid rent balance for this building was \$20,846,454 and \$21,888,131 for the years ending June 30, 2021 and 2020, respectively. Campus Partners recognized rental income on this property of \$1,041,677 and \$1,041,694 for the years ending June 30, 2021 and 2020, respectively. Recovery of operating expense recognized from this property was \$579,600 and \$579,603 for the years ending June 30, 2021 and 2020, respectively.

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

The lease with The Ohio State Office of Advancement for University Square North at the University Square development commenced in June 2021. During Fiscal Year 2021, Campus Partners recorded rental revenue of \$248,196. This is a 30-year lease agreement between Campus Partners and The Office of Advancement. During the remainder of the lease, The Office of Advancement will pay Campus Partners a minimum of \$107,053,544.

### NOTE 6 – COMBINING 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 information for the year ended June 30, 2021 is presented below.

	Campus Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
<b>Condensed statements of net position:</b>					
Current assets	\$ 1,915,908	\$ 1,703,845	\$ 1,151,920	\$ 3,706,601	\$ 590,880
Capital assets, net	29,257,891	-	368,237	142,975,702	21,857,574
Other assets	422,723	800,000	-	242,759	-
Total assets	<u>31,596,522</u>	<u>2,503,845</u>	<u>1,520,157</u>	<u>146,925,062</u>	<u>22,448,454</u>
Current liabilities	2,484,362	221,234	523,868	10,631,991	1,631,889
Noncurrent liabilities	-	-	437,083	31,568,014	19,804,771
Amounts payable to the university	32,339,872	-	-	113,253,171	-
Total liabilities	<u>34,824,234</u>	<u>221,234</u>	<u>960,951</u>	<u>155,453,176</u>	<u>21,436,660</u>
Net investment in capital assets	(4,375,576)	-	368,237	21,120,648	21,857,575
Unrestricted	1,147,864	2,282,611	190,969	(29,648,762)	(20,845,781)
Total net position	<u>(3,227,712)</u>	<u>2,282,611</u>	<u>559,206</u>	<u>(8,528,114)</u>	<u>1,011,794</u>
Total liabilities and net position	<u>\$ 31,596,522</u>	<u>\$ 2,503,845</u>	<u>\$ 1,520,157</u>	<u>\$ 146,925,062</u>	<u>\$ 22,448,454</u>



# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

	Campus				
	Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
<b>Condensed statements of revenues, expenses</b>					
<b>and changes in net position:</b>					
Operating revenues:					
Rental income	\$ 3,576,959	\$ -	\$ -	\$ 510,344	\$ 1,041,677
Recovery of operating expense	1,893,213	-	-	-	579,600
Other operating	76,803	(209,341)	677,338	133,527	-
Total operating revenues	5,546,975	(209,341)	677,338	643,871	1,621,277
Operating expenses, excluding depreciation	3,040,954	428,256	1,261,658	1,445,556	576,597
Depreciation expense	2,631,883	-	78,724	351,233	819,408
Total operating expenses	5,672,837	428,256	1,340,382	1,796,789	1,396,005
Net operating income (loss)	(125,862)	(637,597)	(663,044)	(1,152,918)	225,272
Non-operating revenues and expenses:					
Interest income	-	109,001	-	-	-
Interest expense	-	-	(8)	-	-
Other non-operating revenue (expense)	-	(91,857)	1,210,518	-	-
Net non-operating revenue (expense)	-	17,144	1,210,510	-	-
Other Changes in Net Position					
Forgiveness of Debt			277,760		
Change in net position	(125,862)	(620,453)	825,226	(1,152,918)	225,272
Increase (decrease) in net position	(125,862)	(620,453)	825,226	(1,152,918)	225,272
Beginning net position	(3,101,850)	2,903,064	(266,020)	(7,375,196)	786,522
Ending net position	\$ (3,227,712)	\$ 2,282,611	\$ 559,206	\$ (8,528,114)	\$ 1,011,794

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

	Campus				
	Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	\$ 1,817,303	\$ (340,819)	\$ (536,761)	\$ 15,405,160	\$ -
Noncapital financing activities	-	(91,855)	772,203	-	-
Capital and related financing activities	(2,118,933)	-	14,317	(17,610,423)	-
Investing activities	-	-	-	-	-
Net increase (decrease) in cash	(301,630)	(432,674)	249,759	(2,205,263)	-
Beginning cash and restricted cash	1,344,500	1,424,758	231,844	5,461,720	897
Ending cash and restricted cash	\$ 1,042,870	\$ 992,084	\$ 481,603	\$ 3,256,457	\$ 897

Condensed combined financial information for the year ended June 30, 2020 is presented below.

	Campus				
	Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
<b>Condensed statements of net position:</b>					
Current assets	\$ 2,249,570	\$ 2,209,602	\$ 296,754	\$ 5,739,641	\$ 590,869
Capital assets, net	30,873,822	-	439,841	85,614,826	22,676,983
Other assets	613,336	800,000	-	41,096	-
Total assets	33,736,728	3,009,602	736,595	91,395,563	23,267,852
Current liabilities	3,205,111	106,538	495,414	8,075,772	1,632,288
Noncurrent liabilities	-	-	507,200	16,591,034	20,849,043
Amounts payable to the university	33,633,467	-	-	74,103,953	-
Total liabilities	36,838,578	106,538	1,002,614	98,770,759	22,481,331
Net investment in capital assets	(4,153,119)		439,841	4,128,504	22,676,982
Unrestricted	1,051,269	2,903,064	(705,860)	(11,503,700)	(21,890,461)
Total net position	(3,101,850)	2,903,064	(266,019)	(7,375,196)	786,521
Total liabilities and net position	\$ 33,736,728	\$ 3,009,602	\$ 736,595	\$ 91,395,563	\$ 23,267,852

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

	Campus Partners for				
	South Campus	Affordable	The Gateway	Redstone	Medstone
	Gateway LLC	Housing LLC	Theatre LLC	Realty LLC	Realty LLC
<b>Condensed statements of revenues, expenses</b>					
<b>and changes in net position:</b>					
Operating revenues:					
Rental income	\$ 3,849,385	\$ -	\$ -	\$ 66,254	\$ 1,041,694
Recovery of operating expense	1,925,595	-	-	-	579,603
Other operating	172	115,001	1,838,262	96,001	1
Total operating revenues	5,775,152	115,001	1,838,262	162,255	1,621,298
Operating expenses, excluding depreciation	3,412,190	201,836	2,370,111	1,890,493	580,115
Depreciation expense	2,107,563	-	97,854	3,638	819,409
Total operating expenses	5,519,753	201,836	2,467,965	1,894,131	1,399,524
Net operating income (loss)	255,399	(86,835)	(629,703)	(1,731,876)	221,774
Non-operating revenues and expenses:					
Interest income	-	174,675	-	-	-
Interest expense	-	(78,238)	-	-	-
Other non-operating revenue (expense)	(2)	247,352	353,447	-	-
Net non-operating revenue (expense)	(2)	343,789	353,447	-	-
Change in net position	255,397	256,954	(276,256)	(1,731,876)	221,774
Increase (decrease) in net position	255,397	256,954	(276,256)	(1,731,876)	221,774
Beginning net position	(3,357,247)	2,646,110	10,237	(5,643,320)	564,748
Ending net position	\$ (3,101,850)	\$ 2,903,064	\$ (266,019)	\$ (7,375,196)	\$ 786,521

# CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

	Campus				
	Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	\$ 2,929,918	\$ (17,282)	\$ (633,676)	\$ 12,805,713	\$ (5,310)
Noncapital financing activities	-	(378,238)	865,392	-	-
Capital and related financing activities	(2,448,617)	298,674	(31,341)	(8,638,743)	-
Investing activities	-	322,167	-	-	-
Net increase (decrease) in cash	481,301	225,321	200,375	4,166,970	(5,310)
Beginning cash and restricted cash	863,199	1,199,437	31,470	1,294,750	6,207
Ending cash and restricted cash	\$ 1,344,500	\$ 1,424,758	\$ 231,845	\$ 5,461,720	\$ 897

### NOTE 7 – COMMITMENTS AND CONTINGENCIES

#### *Capital Commitments*

As of June 30, 2021, Campus Partners is committed to future contractual obligations for capital expenditures related to the 15th & High redevelopment project of approximately \$24.0 million.

#### *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.

#### *Concentration of Credit Risk*

For the year ended June 30, 2021, Campus Partners had rental income generated from two tenants, which represented greater than 10% of Campus Partners' rental income. Rental income from the first of these tenants was \$1,082,364 and \$1,066,148 for years ended June 30, 2021 and 2020 respectively and represented 21.1% and 21.5% of rental income. Rental income from the second of these tenants was \$1,041,677 and \$1,041,681 for years ended June 30, 2021 and 2020 respectively and represented 20.3% and 21.0% of rental income. One of these tenants is a related party.



**Report of Independent Auditors 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***

To the Board of Directors of  
Campus Partners for Community Urban Redevelopment and Subsidiaries:

We have audited, in accordance with 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 consolidated financial statements of Campus Partners for Community Urban Redevelopment and Subsidiaries (“Campus Partners”), a component unit of The Ohio State University, which comprise the consolidated statement of net position as of June 30, 2021, and the related consolidated statement of revenues, expenses and other changes in net position and of cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 20, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered Campus Partners’ internal control over financial reporting (“internal control”) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 consolidated 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 may exist that have not been identified.



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

As part of obtaining reasonable assurance about whether Campus Partners' consolidated 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 consolidated 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.

*PricewaterhouseCoopers LLP*

December 20, 2021

# 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 1/11/2022**

88 East Broad 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](http://www.ohioauditor.gov)