

HILLIARD DEVELOPMENT CORPORATION

FRANKLIN COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

Board of Directors
Hilliard Development Corporation
P.O. Box 779
Hilliard, Ohio 43026

We have reviewed the *Independent Auditor's Report* of the Hilliard Development Corporation, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2020. 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 Hilliard Development Corporation 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

July 27, 2021

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**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

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Independent Auditor's Report

Hilliard Development Corporation
Franklin County
3800 Municipal Way
Hilliard, Ohio 43026

To the Members of the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Hilliard Development Corporation, Franklin County, Ohio, a not-for-profit corporation, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Hilliard Development Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Hilliard Development Corporation's preparation and fair presentation of the 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 the Hilliard Development Corporation's 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hilliard Development Corporation, Franklin County, Ohio, as of December 31, 2020 and 2019, and the respective 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.

Emphasis of Matter

As described in Note 8 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Hilliard Development Corporation. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 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 financial statements, and other knowledge we obtained during our audit 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 June 17, 2021, on our consideration of the Hilliard Development Corporation's 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 the Hilliard Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hilliard Development Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 17, 2021

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The discussion and analysis of the Hilliard Development Corporation's (the "Corporation") financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporations' financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position was \$663,535 at December 31, 2020. This represents an increase of \$112,113, or 20.33% from December 31, 2019.
- During 2020, the Corporation had operating expenses of \$293,048 resulting in an operating loss of \$293,048. Nonoperating revenues consisted of contributions from the City of Hilliard, interest income, and grants totaling \$405,161. Total change in net position for the year was an increase of \$112,113.

Using These Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation's financial activities. The *Statement of Net Position* and *Statement of Revenues, Expenses and Changes in Net Position* provide information about the activities of the Corporation, including all short-term and long-term financial resources and obligations.

Reporting the Corporation's Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Corporation as a whole, the *financial position* of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The statement of cash flows provides information about how the Corporation finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-14 of this report.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The table below provides a summary of the Corporation's net position at December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets	\$ 666,286	\$ 553,624
Total assets	<u>666,286</u>	<u>553,624</u>
<u>Liabilities</u>		
Current liabilities	<u>2,751</u>	<u>2,199</u>
Total liabilities	<u>2,751</u>	<u>2,199</u>
<u>Net Position</u>		
Unrestricted	<u>663,535</u>	<u>551,422</u>
Total net position	<u>\$ 663,535</u>	<u>\$ 551,422</u>

Over time, net position can serve as a useful indicator of a Corporation's financial position. At December 31, 2020, the Corporation's net position totaled \$663,535.

At December 31, 2020, the Corporation had no amount of net position representing resources that are subject to external restriction on how they may be used. The entire balance of net position of \$663,535 is unrestricted and may be used to meet the Corporation's ongoing obligations.

Current assets and unrestricted net position increased primarily due to activity related to land held for resale. During 2020, the Corporation purchased property with a carrying value of \$591,851.

Current liabilities increased due to outstanding legal expenses at December 31, 2020.

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**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The table below shows the changes in net position for 2020 and 2019.

Change in Net Position

	<u>2020</u>	<u>2019</u>
<u>Operating expenses</u>		
Administrative and general operating	\$ 12,764	\$ 5,836
Contract services	16,755	31,208
Legal fees	24,534	3,543
Grants	238,784	20,477
Other	<u>211</u>	<u>470</u>
Total operating expenses	<u>293,048</u>	<u>61,534</u>
Operating loss	<u>(293,048)</u>	<u>(61,534)</u>
<u>Nonoperating revenues (expenses)</u>		
Contributions from the City of Hilliard	169,747	213,327
Interest income	4,240	-
Grants	231,174	-
Land donated to the City of Hilliard	<u>-</u>	<u>(289,366)</u>
Total nonoperating revenues (expenses)	<u>405,161</u>	<u>(76,039)</u>
Change in net position	112,113	(137,573)
Net position at beginning of year	<u>551,422</u>	<u>688,995</u>
Net position at end of year	<u>\$ 663,535</u>	<u>\$ 551,422</u>

During 2020, the Corporation relied upon contributions from the City of Hilliard to support operations.

Operating expenses increased \$231,514 from 2019 or 376.24% primarily to an increase in grant operating expenses of the Corporation. The Corporation used the \$221,574 Coronavirus Relief Grant to give grants to local small businesses during the Coronavirus pandemic. Contract services decreased due to the Corporation completing its contract with LandStrategies LLC. During 2020, the Corporation disbursed one grant for facade improvements.

During 2020, the City of Hilliard contributed \$169,747 to the Corporation. The City has a 6% hotel/motel tax, of which the City contributes one-half, or 3%, to the Corporation. This contribution is used to support the general operations of the Corporation and totaled \$119,747 for 2020. The Corporation also received \$50,000 from the City of Hilliard to purchase land. In 2020, the Corporation received \$221,574 in Coronavirus Relief grants to grant to local businesses during the Coronavirus pandemic.

Capital Assets

At December 31, 2020, the Corporation had no capital assets

Debt Obligations

At December 31, 2020, the Corporation had no long-term debt obligations.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Current Financial Related Activities

The Corporation is reliant upon grants from the City of Hilliard to support operations. The purpose of the Corporation is to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Hilliard.

Contacting the Corporation's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. David Meadows, Executive Director, Hilliard Development Corporation, P.O. Box 779, Hilliard, Ohio, 43026.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

**STATEMENT OF NET POSITION
DECEMBER 31, 2020**

ASSETS

Current assets:

Cash	\$ 63,215
Receivables:	
Due from the City of Hilliard	11,137
Prepayments	83
Land held for resale (Note 7)	<u>591,851</u>
Total assets	<u>666,286</u>

LIABILITIES

Current liabilities:

Accounts payable	<u>2,751</u>
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NET POSITION

Unrestricted	<u><u>\$ 663,535</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATING EXPENSES

Administrative and general operating	\$ 12,764
Contract services	16,755
Legal fees	24,534
Grants	238,784
Other	211
Total operating expenses	<u>293,048</u>
OPERATING LOSS	(293,048)

NONOPERATING REVENUES

Contributions from the City of Hilliard	169,747
Interest income	4,240
Grants	231,174
Total nonoperating revenues	<u>405,161</u>

CHANGE IN NET POSITION 112,113

Net position at beginning of year 551,422

NET POSITION AT END OF YEAR \$ 663,535

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash payments for administrative and general operating	\$	(12,764)
Cash payments for contract services		(16,700)
Cash payments for legal fees		(23,982)
Cash payments for grants		(238,784)
Cash payments for other operating expenses		(211)
		(292,441)
Net cash (used in) operating activities		(292,441)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Contributions received from the City of Hilliard		175,401
Cash received from grants		231,174
Improvements to land held for resale (Note 7)		(591,851)
		(185,276)
Net cash (used in) noncapital financing activities		(185,276)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received		4,240
		4,240
Net cash provided by investing activities		4,240
NET INCREASE IN CASH		(473,477)
Cash at beginning of year		536,692
CASH AT END OF YEAR	\$	63,215

**RECONCILIATION OF OPERATING LOSS
TO NET CASH (USED IN) OPERATING ACTIVITIES**

Operating loss	\$	(293,048)
Changes in assets and liabilities:		
Decrease in prepayments		55
Increase in accounts payable		552
		552
Net cash (used in) operating activities	\$	(292,441)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - PURPOSE AND NATURE OF OPERATIONS

The Hilliard Development Corporation of Franklin County, Ohio, (the “Corporation”) is a not-for-profit corporation created on January 2, 2015 pursuant to Chapters 1702 and 1724 of the Ohio Revised Code to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Hilliard in whatever way and by such means as will improve the normal growth, employment opportunities, and stability of employment and existing industry as well as to advance the industrial and commercial life of the community and to stabilize the general economy of the Hilliard area.

The sole class of members of the Corporation shall be the individual serving as Directors of the Corporation (the “Member”). The authority of the Corporation shall be exercised by its Board of Directors. The number of Directors shall be fixed at seven (7), no fewer than three of whom shall be members of the Hilliard City Council or appointed officials or employees of the City of Hilliard. Hilliard City Council shall elect Directors. Directors, other than City Directors serve two-year terms and may be reelected without limitation. City Directors serve terms of one year and may be reelected without limitation. Any Director may be removed from office, with or without cause, by vote of the City Council. At December 31, 2020, there were seven Directors serving on the Board of Directors of the Corporation.

Management believes the financial statements included in this report represent all of the activities over which the Corporation is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation’s significant accounting policies are described below.

A. Basis of Accounting

The basic financial statements of the Corporation have been prepared on the accrual basis of accounting in conformity with GAAP and accordingly reflect all significant receivables, payables and other liabilities.

B. Basis of Presentation

The Corporation’s basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Corporation’s principal ongoing operation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Nonoperating revenues consisted of contributions from the City of Hilliard to support operations and to purchase property (see Note 4), interest revenue, and grants.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Cash

Cash consists of one depository account and one money market account.

D. Payables

The Corporation recognizes expenses when due, but unpaid as of year-end. The Corporation's payables represent monies owed at year-end for legal fees provided in 2020.

E. Receivables

The Corporation recognizes revenue for amounts due, but not received, as of year-end. The Corporation's receivables represent monies due from the City of Hilliard for December 2020 hotel/motel tax not received until January 2021.

F. Uses of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

G. Restricted Assets

Assets are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by the debt agreements, creditors, grant contributors, or laws or regulations of other governments. The Corporation did not have any restricted assets at December 31, 2020.

H. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

I. Federal Income Tax

The Hilliard Development Corporation is exempt from federal income tax under section 501(C)(6) of the Internal Revenue Code.

J. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Grant Revenue

During 2020 the Corporation reported a \$221,574 Coronavirus Relief Grant and a \$9,600 grant from American Electric Power (AEP). The Coronavirus Relief Grant was provided for making small business grants to local companies. The AEP grants was provided for due diligence studies of potential development properties. Revenues from grants are recognized as nonoperating revenue in the accounting period in which it is earned, essentially the same as the fiscal year.

NOTE 3 - CASH

At December 31, 2020, the carrying amount of the Corporation's deposits was \$63,215 and the bank balance was \$79,593. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2020, all of the Corporation's bank balance was covered by the National Credit Union Share Insurance Fund. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

NOTE 4 - CONTRIBUTION REVENUE

During 2020, the Corporation recognized \$119,747 in contributions from the City of Hilliard which equals 50% of the 6% City of Hilliard hotel/motel excise tax levied and collected pursuant to Ohio Revised Code Section 5739.08(A). The contribution of hotel/motel excise taxes are to be provided by the City of Hilliard to the Corporation on a monthly basis with payment due within thirty days of such tax funds being deposited by the City of Hilliard.

During 2020, the Corporation received \$50,000 from the City of Hilliard to purchase the Jerman property located in Hilliard, Ohio, south of Scioto-Darby Creek Road (see Note 7).

NOTE 5 - RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. The Corporation manages these risks through commercial insurance policies purchased by the Corporation. Settled claims have not exceeded commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

NOTE 6 - LITIGATION

The Corporation is not party to any legal proceedings as either plaintiff or defendant.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - LAND HELD FOR RESALE

The Corporation had the following activity in land held for resale:

Property	Balance 12/31/2019	Additions	Disposals	Balance 12/31/2020
Franklin Street	\$ -	\$ 541,851	\$ -	\$ 541,851
Jerman property	-	50,000	-	50,000
	<u>\$ -</u>	<u>\$ 591,851</u>	<u>\$ -</u>	<u>\$ 591,851</u>

On August 7, 2020, the Corporation acquired real property located at 5460 Franklin Street, Hilliard, Ohio for \$541,851. This property was acquired for community purposes.

The Corporation received \$50,000 from the City of Hilliard to make a deposit on the Jerman property located in Hilliard, Ohio, south of Scioto-Darby Creek Road. On September 11, 2020, the Corporation put a \$25,000 deposit down to purchase the property. On December 3, 2020, the Corporation put another \$25,000 deposit down to extend the period for which to purchase the property.

NOTE 8 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Corporation received CARES Act funding. Of the amounts received, \$221,574 was sub-granted to other organizations. These amounts are reflected as grant expenses on the accompanying financial statements.

During 2020, the Corporation received \$221,574 as an on-behalf of grant from another government.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

The discussion and analysis of the Hilliard Development Corporation's (the "Corporation") financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporations' financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- In total, net position was \$551,422 at December 31, 2019. This represents a decrease of \$137,573, or 19.97% from December 31, 2018.
- During 2019, the Corporation had operating expenses of \$61,534 resulting in an operating loss of \$61,534. Nonoperating revenues consisted of contributions from the City of Hilliard in the amount of \$213,327. Nonoperating expenses consisted of land donated to the City of Hilliard in the amount of \$289,366. Total change in net position for the year was a decrease of \$137,573.

Using These Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation's financial activities. The *Statement of Net Position* and *Statement of Revenues, Expenses and Changes in Net Position* provide information about the activities of the Corporation, including all short-term and long-term financial resources and obligations.

Reporting the Corporation's Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2019?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Corporation as a whole, the *financial position* of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The statement of cash flows provides information about how the Corporation finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-13 of this report.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

The table below provides a summary of the Corporation's net position at December 31, 2019 and 2018.

	2019	2018
Net Position		
<u>Assets</u>		
Current assets	\$ 553,624	\$ 689,905
Total assets	553,624	689,905
<u>Liabilities</u>		
Current liabilities	2,199	910
Total liabilities	2,199	910
<u>Net Position</u>		
Unrestricted	551,422	688,995
Total net position	\$ 551,422	\$ 688,995

Over time, net position can serve as a useful indicator of a Corporation's financial position. At December 31, 2019, the Corporation's net position totaled \$551,422.

At December 31, 2019, the Corporation had no amount of net position representing resources that are subject to external restriction on how they may be used. The entire balance of net position of \$551,422 is unrestricted and may be used to meet the Corporation's ongoing obligations.

Current assets and unrestricted net position decreased primarily due to activity related to land held for resale. During 2019, the Corporation donated property with a carrying value of \$289,366 to the City of Hilliard.

Current liabilities increased due to outstanding legal expenses at December 31, 2019.

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**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

The table below shows the changes in net position for 2019 and 2018.

Change in Net Position

	<u>2019</u>	<u>2018</u>
<u>Operating expenses</u>		
Administrative and general operating	\$ 5,836	\$ 476
Contract services	31,208	17,932
Legal fees	3,543	2,655
Grants	20,477	21,270
Other	470	731
Total operating expenses	<u>61,534</u>	<u>43,064</u>
Operating loss	<u>(61,534)</u>	<u>(43,064)</u>
<u>Nonoperating revenues (expenses)</u>		
Contributions from the City of Hilliard	213,327	206,874
Loss on sale of land held for resale	-	(24,645)
Land donated to the City of Hilliard	(289,366)	-
Contribution of land from the City of Hilliard	<u>-</u>	<u>407,000</u>
Total nonoperating revenues (expenses)	<u>(76,039)</u>	<u>589,229</u>
Change in net position	(137,573)	546,165
Net position at beginning of year	<u>688,995</u>	<u>142,830</u>
Net position at end of year	<u>\$ 551,422</u>	<u>\$ 688,995</u>

During 2019, the Corporation relied upon contributions from the City of Hilliard to support operations.

Operating expenses increased \$18,470 from 2018 or 42.89% primarily to an increase in contract services operating expenses of the Corporation. Contract services increased due to the Corporation entering into a \$25,000 contract with LandStrategies LLC to provide services. During 2019, the Corporation disbursed two grants for facade improvements.

During 2019, the City of Hilliard contributed \$213,327 to the Corporation. The City has a 6% hotel/motel tax, of which the City contributes one-half, or 3%, to the Corporation. This contribution is used to support the general operations of the Corporation. In 2019, the Corporation donated land on Leap Road to the City of Hilliard with a carrying value of \$289,366.

Capital Assets

At December 31, 2019, the Corporation had no capital assets

Debt Obligations

At December 31, 2019, the Corporation had no long-term debt obligations.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Current Financial Related Activities

The Corporation is reliant upon grants from the City of Hilliard to support operations. The purpose of the Corporation is to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Hilliard.

Contacting the Corporation's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. David Meadows, Executive Director, Hilliard Development Corporation, P.O. Box 779, Hilliard, Ohio, 43026.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

**STATEMENT OF NET POSITION
DECEMBER 31, 2019**

ASSETS

Current assets:

Cash	\$ 536,692
Receivables:	
Due from the City of Hilliard	16,791
Prepayments	<u>138</u>
Total assets	<u>553,621</u>

LIABILITIES

Current liabilities:

Accounts payable	<u>2,199</u>
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NET POSITION

Unrestricted	<u><u>\$ 551,422</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATING EXPENSES

Administrative and general operating	\$ 5,836
Contract services	31,208
Legal fees	3,543
Grants	20,477
Other	470
Total operating expenses	<u>61,534</u>
OPERATING LOSS	(61,534)

NONOPERATING REVENUES (EXPENSES)

Contributions from the City of Hilliard	213,327
Land donated to City of Hilliard (Note 7)	<u>(289,366)</u>
Total nonoperating revenues (expenses)	<u>(76,039)</u>

CHANGE IN NET POSITION (137,573)

Net position at beginning of year 688,995

NET POSITION AT END OF YEAR \$ 551,422

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash payments for administrative and general operating	\$ (5,836)
Cash payments for contract services	(31,041)
Cash payments for legal fees	(2,254)
Cash payments for grants	(20,477)
Cash payments for other operating expenses	(470)
	<hr/>
Net cash (used in) operating activities	(60,078)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Contributions received from the City of Hilliard	212,169
Improvements to land held for resale (Note 7)	(20,376)
	<hr/>
Net cash provided by noncapital financing activities	191,793

NET INCREASE IN CASH	131,715
Cash at beginning of year	404,977
CASH AT END OF YEAR	<hr/> \$ 536,692 <hr/>

**RECONCILIATION OF OPERATING LOSS
TO NET CASH (USED IN) OPERATING ACTIVITIES**

Operating loss	\$ (61,534)
Changes in assets and liabilities:	
Decrease in prepayments	167
Increase in accounts payable	1,289
	<hr/>
Net cash (used in) operating activities	<hr/> \$ (60,078) <hr/>

Noncash Transactions:

During 2019, the Corporation donated land to the City of Hilliard with a carrying value of \$289,366.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1 - PURPOSE AND NATURE OF OPERATIONS

The Hilliard Development Corporation of Franklin County, Ohio, (the “Corporation”) is a not-for-profit corporation created on January 2, 2015 pursuant to Chapters 1702 and 1724 of the Ohio Revised Code to advance, encourage and promote the industrial, economic, commercial and civic development of the City of Hilliard in whatever way and by such means as will improve the normal growth, employment opportunities, and stability of employment and existing industry as well as to advance the industrial and commercial life of the community and to stabilize the general economy of the Hilliard area.

The sole member of the Corporation shall be the individual who is serving as the Director of Economic Development of the City of Hilliard, Ohio (the “Member”). The authority of the Corporation shall be exercised by its Board of Directors. The Member has the sole right to elect Directors and to fill any vacancy resulting from the departure of a Director. The number of Directors may be fixed or changed by the Member from time to time, but shall never be less than three (3). Directors serve one-year terms and may be reelected without limitation. Any Director may be removed from office, with or without cause, by the Member. At December 31, 2019, there were five Directors serving on the Board of Directors of the Corporation.

Management believes the financial statements included in this report represent all of the activities over which the Corporation is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation’s significant accounting policies are described below.

A. Basis of Accounting

The basic financial statements of the Corporation have been prepared on the accrual basis of accounting in conformity with GAAP and accordingly reflect all significant receivables, payables and other liabilities.

B. Basis of Presentation

The Corporation’s basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Corporation’s principal ongoing operation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Nonoperating revenues consisted of contributions from the City of Hilliard to support operations (see Note 4). Nonoperating expenses include land donated to the City of Hilliard (see Note 7).

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Cash

Cash consists of one depository account maintained at a credit union.

D. Payables

The Corporation recognizes expenses when due, but unpaid as of year-end. The Corporation's payables represent monies owed at year-end for legal fees provided in 2019.

E. Receivables

The Corporation recognizes revenue for amounts due, but not received, as of year-end. The Corporation's receivables represent monies due from the City of Hilliard for December 2019 hotel/motel tax not received until January 2020.

F. Uses of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

G. Restricted Assets

Assets are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by the debt agreements, creditors, grant contributors, or laws or regulations of other governments. The Corporation did not have any restricted assets at December 31, 2019.

H. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

I. Federal Income Tax

The Hilliard Development Corporation is exempt from federal income tax under section 501(C)(6) of the Internal Revenue Code.

J. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**HILLIARD DEVELOPMENT CORPORATION
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - CASH

At December 31, 2019, the carrying amount and bank balance of the Corporation’s deposits was \$536,692. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2019, \$286,692 was exposed to custodial credit risk and \$250,000 was covered by the National Credit Union Share Insurance Fund. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

NOTE 4 - CONTRIBUTION REVENUE

During 2019, the Corporation recognized \$213,327 in contributions from the City of Hilliard which equals 50% of the 6% City of Hilliard hotel/motel excise tax levied and collected pursuant to Ohio Revised Code Section 5739.08(A). The contribution of hotel/motel excise taxes are to be provided by the City of Hilliard to the Corporation on a monthly basis with payment due within thirty days of such tax funds being deposited by the City of Hilliard.

NOTE 5 - RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. The Corporation manages these risks through commercial insurance policies purchased by the Corporation. Settled claims have not exceeded commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

NOTE 6 - LITIGATION

The Corporation is not party to any legal proceedings as either plaintiff or defendant.

NOTE 7 - LAND HELD FOR RESALE

The Corporation had the following activity in land held for resale:

Property	Balance 12/31/2018	Additions	Disposals	Balance 12/31/2019
Leap Road	\$ 268,990	\$ 20,376	\$ (289,366)	\$ -

On December 11, 2018, the Corporation acquired real property located at 3461 Leap Road, Hilliard, Ohio for \$268,990. This property was acquired for community purposes. During 2019, the Corporation made improvements to the Leap Road property in the amount of \$20,376. On July 11, 2019, the Corporation donated the property to the City of Hilliard.

**Independent Auditor's 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***

Hilliard Development Corporation
Franklin County
3800 Municipal Way
Hilliard, Ohio 43026

To the Members of the Board of Directors:

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 the Hilliard Development Corporation, Franklin County, Ohio, a not-for-profit corporation, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Hilliard Development Corporation's basic financial statements, and have issued our report thereon dated June 17, 2021, wherein we noted as described in Note 8 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hilliard Development Corporation's 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hilliard Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hilliard Development Corporation's 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 Hilliard Development Corporation'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hilliard Development Corporation's 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 Hilliard Development Corporation'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 Hilliard Development Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
June 17, 2021

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OHIO AUDITOR OF STATE KEITH FABER



HILLIARD DEVELOPMENT CORPORATION

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 8/10/2021

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