

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT
CORPORATION**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Newark Development Partners Community Improvement Corporation
50 West Locust Street
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Newark Development Partners Community Improvement Corporation, Licking 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 Newark Development Partners Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

October 26, 2021

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**NEWARK DEVELOPMENT PARTNERS COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

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Independent Auditor's Report

Newark Development Partners Community Improvement Corporation
Licking County
50 West Locust Street
Newark, Ohio 43055

To the Board of Directors:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 the auditor's 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, the auditor considers internal control relevant to the Newark Development Partners Community Improvement Corporation's 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 the Newark Development Partners Community Improvement 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 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 the Newark Development Partners Community Improvement Corporation, Licking County, Ohio as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows 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 11 to the consolidated financial statements, for the year ended December 31, 2019, the Newark Development Partners Community Improvement Corporation adopted a change in accounting policy to report program specific revenues as Program revenues in the consolidated financial statements as opposed to Operating Contributions as reported for the year ended December 31, 2018. As described in Note 12 to the consolidated financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Newark Development Partners Community Improvement Corporation. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2021, on our consideration of the Newark Development Partners Community Improvement 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 Newark Development Partners Community Improvement 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 Newark Development Partners Community Improvement Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 12, 2021

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Equity in Pooled Cash and		
Cash Equivalents	\$ 264,904	\$ 550,107
Accounts Receivable	54,942	119,192
Other	48	-
Total Current Assets	<u>319,894</u>	<u>669,299</u>
Noncurrent assets		
Notes Receivable	-	231,942
Capital Assets		
Non Depreciable	639,909	156,000
Depreciable	1,248,519	912,554
Accumulated Depreciation	<u>(83,390)</u>	<u>(52,749)</u>
Total Other Assets	<u>1,805,038</u>	<u>1,247,747</u>
Total Assets	<u>\$ 2,124,932</u>	<u>\$ 1,917,046</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 8,722	\$ 1,964
Rent Deposits	<u>18,460</u>	<u>13,195</u>
Total Current Liabilities	27,182	15,159
Long-Term Debt	<u>42,397</u>	<u>106,647</u>
Total Liabilities	69,579	121,806
Net Assets		
Without donor restrictions	1,792,355	1,276,048
With donor restrictions	<u>262,998</u>	<u>519,192</u>
Total Net Assets	<u>2,055,353</u>	<u>1,795,240</u>
Total Liabilities and Net Assets	<u>\$ 2,124,932</u>	<u>\$ 1,917,046</u>

The notes to the consolidated financial statements are an integral part of this statement.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NET ASSETS WITHOUT DONOR RESTRICTIONS	2019	2018
Operating Revenues		
Contributions	\$ -	\$ 125,796
Grants	60,000	60,000
Rents	290,520	217,700
Programs	233,721	-
Miscellaneous	3,613	7,436
Total Operating Revenues	587,854	410,932
Operating Expenses		
Programs	270,621	101,925
Wages	117,146	111,753
Contractual Services	243	21,191
Rental Property	160,522	120,441
Depreciation	30,641	29,714
Miscellaneous	29,439	20,567
Total Operating Expenses	608,612	405,591
Operating - Net	(20,758)	5,341
Nonoperating Revenues (Expenses)		
Interest and Fiscal Charges	(2,447)	(6,102)
Disposal of fixed assets	(50,000)	-
Donations	97,250	20,050
Investment income	11,068	13,707
	55,871	27,655
Net assets released from restrictions		
Satisfaction of donor restrictions	481,194	69,250
Increase in Net Assets Without Donor Restrictions	516,307	102,246
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	225,000	290,790
Satisfaction of donor restrictions	(481,194)	(69,250)
Increase (Decrease) in Net Assets With Donor Restrictions	(256,194)	221,540
Increase in Net Assets	260,113	323,786
Net Assets Beginning of Year	1,795,240	1,471,454
Net Assets End of Year	\$ 2,055,353	\$ 1,795,240

The notes to the consolidated financial statements are an integral part of this statement.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Changes in net assets	\$ 260,113	\$ 323,786
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Donated capital assets	(75,000)	-
Depreciation	30,641	29,714
Loss on disposal of fixed assets	50,000	-
Changes in assets and liabilities		
Accounts receivable	64,250	69,250
Other assets	(48)	-
Accounts payable	6,757	(198)
Rent deposits	5,265	8,220
	<u>341,978</u>	<u>430,772</u>
Net cash provided by operating activities	341,978	430,772
Cash flows from investing activities:		
Purchase of capital assets	(794,873)	(64,947)
Payments on note purchase	231,942	18,846
	<u>(562,931)</u>	<u>(46,101)</u>
Net cash (used in) investing activities	(562,931)	(46,101)
Cash flows from financing activities:		
Payments on note payable	(64,250)	(69,250)
	<u>(64,250)</u>	<u>(69,250)</u>
Net cash (used in) financing activities	(64,250)	(69,250)
Net (decrease) increase in cash and cash equivalents	(285,203)	315,421
Cash and cash equivalents at beginning of year	<u>550,107</u>	<u>234,686</u>
Cash and cash equivalents at end of year	\$ <u><u>264,904</u></u>	\$ <u><u>550,107</u></u>

The notes to the consolidated financial statements are an integral part of this statement.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Newark Development Partners Community Improvement Corporation (the Corporation) was incorporated on April 23, 2012. The Corporation is a nonprofit entity which was formed for the specific purpose to advance, encourage, and promote the industrial, economic, commercial, and civic development of Newark, Ohio. The Board of Directors is made up of the City of Newark Engineer, Development Director, and Public Service Director, an attorney, and executives from local businesses.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

B. Accounting Basis

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

C. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) ASC 958 *Financial Statements of Not for Profit Organizations*. The Corporation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as assets without donor restrictions on the Statements of Activities.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows and for presentation of the Statements of Financial Position, the assets in the checking accounts are considered to be cash and cash equivalents.

E. Income Taxes

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

The Corporation's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2016, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years from the acquisition date after they were filed.

F. Use of Estimates

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

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

G. Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", modifying the presentation of underwater endowment funds and related disclosures, requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, requiring that all nonprofits present an analysis of expenses by function and nature in either the Statements of Activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, presenting investment return net of external and direct internal investment expenses, and modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statement of cash flows using the direct method must also present a reconciliation (the indirect method). The Corporation has adopted this ASU for the year ended December 31, 2018.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" (Topic 606). For revenue recognition, unconditional contributions are recognized as revenue in the period the commitment or payment is first received. Conditional contributions are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the contribution. Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. The Corporation has adopted this ASU as of and for the years ended December 31, 2019 and 2018. The implementation did not have an effect on the consolidated financial statements of the Corporation.

H. Consolidation

The Corporation is the sole member of four limited liability companies.

- 4082 Ltd. held a mortgage secured by real estate in Newark, Ohio. Funds used to purchase the mortgage were received from contributions made to 4082 Ltd. by local donors. The outstanding amount of the mortgage payable to the Corporation at December 31, 2018 was \$231,942. The balance of the mortgage payable was received in full in November 2019.
- NDP-195 Union LLC owns a commercial rental property in Newark, Ohio. The property was donated to NDP-195 Union LLC in December 2016. The book value of the property at December 31, 2019 and 2018 was \$1,004,770 and \$1,015,805, respectively.
- Historic Arcade LLC owns a commercial rental property in Newark, Ohio. The property was purchased in November 2019 from contributions made to Historic Arcade LLC by local donors. The book value of the property at December 31, 2019 was \$685,059.
- NDP-West Church LLC owns two commercial properties in Newark, Ohio. A vacant lot was purchased in September 2019. The book value of the property at December 31, 2019 was \$40,208. A vacant building was donated to NDP-West Church LLC in December 2019. The book value of the property at December 31, 2019 was \$75,000.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

I. Functional Expenses

The Corporation's expenses are all considered to be for the same function, which is to promote the development of Newark, Ohio. Since there is only one function, there are no expenses that require allocation between functions.

2. Cash

The carrying value of cash deposits was \$264,904 with a bank balance of \$270,807 at December 31, 2019 and \$550,107 and \$555,004 at December 31, 2018. Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution.

3. Restrictions on Net Assets

GAAP requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

At December 31, 2019 and 2018, there were net assets with donor restrictions related to contributions received for a real estate project, pledges from local donors to assist with the payback of the promissory note for the White Field Turf Replacement project, and the Historic Arcade restoration.

At December 31, 2019 and 2018, there was \$54,942 and \$119,192, respectively, of donor restricted net assets for the White Field Turf Replacement project. At December 31, 2019 and 2018, there was also \$208,056 and \$400,000, respectively, of donor restricted net assets for the Historic Arcade restoration project.

4. Contingent Liabilities

Management believes there are no pending or threatened claims or lawsuits.

5. Risk Management

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

- General liability;
- Public officials' liability

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

6. Capital Assets

Capital Assets consisted of the following at December 31, 2019:

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2019</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 156,000	\$ 483,908	\$ -	\$ 639,908
Total capital assets, not being depreciated	<u>156,000</u>	<u>483,908</u>	<u>-</u>	<u>639,908</u>
<i>Capital assets, being depreciated:</i>				
Equipment and other	45,185	59,650	(50,000)	54,835
Buildings and improvements	<u>867,369</u>	<u>326,315</u>	<u>-</u>	<u>1,193,684</u>
Total capital assets, being depreciated	<u>912,554</u>	<u>385,965</u>	<u>(50,000)</u>	<u>1,248,519</u>
<i>Less: accumulated depreciation:</i>				
Equipment and other	(5,321)	(4,383)	-	(9,704)
Buildings and improvements	<u>(47,428)</u>	<u>(26,258)</u>	<u>-</u>	<u>(73,686)</u>
Total accumulated depreciation	<u>(52,749)</u>	<u>(30,641)</u>	<u>-</u>	<u>(83,390)</u>
Total capital assets, being depreciated	<u>859,805</u>	<u>355,324</u>	<u>(50,000)</u>	<u>1,165,129</u>
Total capital assets, net	<u>\$ 1,015,805</u>	<u>\$ 839,232</u>	<u>\$ (50,000)</u>	<u>\$ 1,805,037</u>

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**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Capital Assets, as restated, consisted of the following at December 31, 2018:

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2018</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 156,000	\$ -	\$ -	\$ 156,000
Total capital assets, not being depreciated	<u>156,000</u>	<u>-</u>	<u>-</u>	<u>156,000</u>
<i>Capital assets, being depreciated:</i>				
Equipment and other **	14,034	31,151	-	45,185
Buildings and improvements **	833,573	33,796	-	867,369
Total capital assets, being depreciated	<u>847,607</u>	<u>64,947</u>	<u>-</u>	<u>912,554</u>
<i>Less: accumulated depreciation:</i>				
Equipment and other **	(1,018)	(4,303)	-	(5,321)
Buildings and improvements **	(22,017)	(25,411)	-	(47,428)
Total accumulated depreciation	<u>(23,035)</u>	<u>(29,714)</u>	<u>-</u>	<u>(52,749)</u>
Total capital assets, being depreciated	<u>824,572</u>	<u>35,233</u>	<u>-</u>	<u>859,805</u>
Total capital assets, net	<u>\$ 980,572</u>	<u>\$ 35,233</u>	<u>\$ -</u>	<u>\$ 1,015,805</u>

** Depreciable capital asset classes "Equipment and other" and "Buildings and improvements" were reclassified from "Buildings and improvements" to more properly differentiate between asset classes.

Capital assets are recorded at cost, less accumulated depreciation. Provisions for depreciation are computed under the straight-line method based upon the estimated useful lives of the assets. The Corporation's buildings and improvements will be depreciated over 39 years. Other assets are being depreciated over 7-15 years. Capital assets that are donated are recorded at their fair value on the date of receipt. The Corporation maintains a capitalization threshold of \$1,000.

7. Long-Term Debt

On June 17, 2015, the Corporation issued a promissory note for a maximum of \$600,000; however, the Corporation only financed \$458,409 in 2015. It has an interest rate of 4.50%. The purpose of the note was to fund the White Field Turf Replacement project for the Newark City Schools. The note matures June 17, 2020. The entire outstanding balance of \$42,397 at December 31, 2019 is due at that time. The balance of this note at December 31, 2018 was \$106,647. The Corporation can make payments in the interim if they so choose. The note will be repaid with funds raised through commitments until the loan is paid off. The balance due on the note was paid in full in January 2020.

8. Contributions

The Corporation receives contributions from individuals, governmental entities and private institutions to be used to accomplish the Corporation's purposes.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

9. Accounts Receivable

Accounts receivable consist of pledges from local donors to assist with the payback of the promissory note for the White Field Turf Replacement project. These pledges represent promises to give and will be collected as payments on the promissory note are made. The Corporation believes these pledges will be received up until the promissory note is due and no allowance for uncollectible pledges has been recorded. Pledges remaining to be collected are presented as net assets with donor restrictions. All pledges were collected by January 2020.

10. Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of the Statements of Financial Position dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statements of Financial Position date. Long-term assets that are available for use within one year for general purposes include the portion of the note receivable expected to be received within one year from the Statements of Financial Position date.

	2019	2018
Financial assets at year-end	\$ 319,894	\$ 901,241
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted pledges for White Field promissory note	(54,942)	(119,192)
Donor-restricted funds for operation of Historic Arcade LLC	(208,056)	-
Notes receivable due in more than one year	-	(213,342)
Financial assets available to meet cash needs for general expenses within one year	\$ 56,896	\$ 568,707

The Corporation's goal is generally to maintain financial assets to meet 100 days of operating and program expenses.

11. Change in Accounting Policy

For 2019, the Corporation has made a change to its operating revenue classification as presented in the Statements of Activities. This change includes reporting program specific revenues as Program revenues in the consolidated financial statements as opposed to Operating Contributions as reported for the year ended December 31, 2018. The purpose of this change in accounting policy is for the Corporation to more accurately report revenues received for special projects from general operating contributions.

12. Subsequent Event

The United States of America and the State of Ohio declared a state of emergency in March 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 Corporation's investment portfolio may incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Corporation's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

**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***

Newark Development Partners Community Improvement Corporation
Licking County
50 West Locust Street
Newark, Ohio 43055

To 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 consolidated financial statements of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 12, 2021, wherein we noted as described in Note 11 to the consolidated financial statements, for the year ended December 31, 2019, the Newark Development Partners Community Improvement Corporation adopted a change in accounting policy to report program specific revenues as Program revenues in the consolidated financial statements as opposed to Operating Contributions as reported for the year ended December 31, 2018. Furthermore, as described in Note 12 to the consolidated financial statements, 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 consolidated financial statements, we considered the Newark Development Partners Community Improvement 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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Newark Development Partners Community Improvement Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Newark Development Partners Community Improvement 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 Newark Development Partners Community Improvement Corporation'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 the Newark Development Partners Community Improvement Corporation's 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 determination of financial statement amounts. 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 Newark Development Partners Community Improvement 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.
August 12, 2021

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2018-001	2014	<p><u>Significant Deficiency - Financial Statement Presentation</u> - Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. When outsourcing the financial reporting process to a third party, management is still responsible for preparing complete and accurate financial statements. Certain adjustments were made to the financial statements.</p>	Corrective Action Take and Finding Fully Corrected	N/A

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT
CORPORATION**

REGULAR AUDIT

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

**NEWARK DEVELOPMENT PARTNERS COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

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Independent Auditor's Report

Newark Development Partners Community Improvement Corporation
Licking County
50 West Locust Street
Newark, Ohio 43055

To the Board of Directors:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 the auditor's 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, the auditor considers internal control relevant to the Newark Development Partners Community Improvement Corporation's 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 the Newark Development Partners Community Improvement 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 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 the Newark Development Partners Community Improvement Corporation, Licking County, Ohio as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows 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 13 to the consolidated financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Newark Development Partners Community Improvement Corporation. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2021, on our consideration of the Newark Development Partners Community Improvement 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 Newark Development Partners Community Improvement 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 Newark Development Partners Community Improvement Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 12, 2021

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Equity in Cash and Cash Equivalents	\$ 124,100	\$ 264,904
Accounts Receivable	424,500	54,942
Other	98	48
Total Current Assets	<u>548,698</u>	<u>319,894</u>
Noncurrent assets		
Accounts Receivable	1,784,000	-
Capital Assets		
Non Depreciable	816,418	639,909
Depreciable	1,449,347	1,248,519
Accumulated Depreciation	<u>(123,533)</u>	<u>(83,390)</u>
Total Other Assets	<u>3,926,232</u>	<u>1,805,038</u>
 Total Assets	 <u>\$ 4,474,930</u>	 <u>\$ 2,124,932</u>
 Liabilities		
Current Liabilities		
Accounts Payable	\$ 2,290	\$ 8,722
Accrued Liabilities	65	-
Rent Deposits	<u>14,160</u>	<u>18,460</u>
Total Current Liabilities	<u>16,515</u>	<u>27,182</u>
Long-Term Debt	<u>-</u>	<u>42,397</u>
Total Liabilities	<u>16,515</u>	<u>69,579</u>
 Net Assets		
Without donor restrictions	2,153,232	1,792,355
With donor restrictions	<u>2,305,183</u>	<u>262,998</u>
Total Net Assets	<u>4,458,415</u>	<u>2,055,353</u>
 Total Liabilities and Net Assets	 <u>\$ 4,474,930</u>	 <u>\$ 2,124,932</u>

The notes to the consolidated financial statements are an integral part of this statement.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2020</u>	<u>2019</u>
Operating Revenues		
Contributions	\$ 45,295	\$ -
Grants	60,000	60,000
Rents	245,249	290,520
Programs	82,432	233,721
Miscellaneous	<u>56,806</u>	<u>3,613</u>
Total Operating Revenues	489,782	587,854
 Operating Expenses		
Programs	132,797	270,621
Wages	127,901	117,146
Contractual Services	15,730	243
Rental Property	252,433	160,522
Depreciation	40,143	30,641
Miscellaneous	<u>16,238</u>	<u>29,439</u>
Total Operating Expenses	<u>585,241</u>	<u>608,612</u>
 Operating - Net	(95,460)	(20,758)
 Nonoperating Revenues and Expenses		
Interest and Fiscal Charges	(228)	(2,447)
Disposal of fixed assets	-	(50,000)
Donations	201,500	97,250
Investment income	-	11,068
Total Nonoperating Revenues (Expenses)	<u>201,272</u>	<u>55,871</u>
 Net assets released from restrictions		
Satisfaction of donor restrictions	<u>255,065</u>	<u>481,194</u>
 Increase in Net Assets Without Donor Restrictions	360,877	516,307
 NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	2,297,250	225,000
Satisfaction of donor restrictions	<u>(255,065)</u>	<u>(481,194)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>2,042,185</u>	<u>(256,194)</u>
 Increase in Net Assets	2,403,062	260,113
 Net Assets Beginning of Year	<u>2,055,353</u>	<u>1,795,240</u>
 Net Assets End of Year	<u>\$ 4,458,415</u>	<u>\$ 2,055,353</u>

The notes to the consolidated financial statements are an integral part of this statement.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets	\$ 2,403,062	\$ 260,113
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Donated capital assets	(201,500)	(75,000)
Depreciation	40,143	30,641
Loss on disposal of fixed assets	-	50,000
Changes in assets and liabilities		
Accounts receivable	(2,153,558)	64,250
Other assets	(50)	(48)
Accounts payable	(6,432)	6,757
Accrued liabilities	65	-
Rent deposits	<u>(4,300)</u>	<u>5,265</u>
Net cash provided by operating activities	77,430	341,978
Cash flows from investing activities:		
Purchase of capital assets	(175,837)	(794,873)
Payments on note purchase	<u>-</u>	<u>231,942</u>
Net cash (used in) investing activities	(175,837)	(562,931)
Cash flows from financing activities:		
Payments on note payable	<u>(42,397)</u>	<u>(64,250)</u>
Net cash (used in) financing activities	<u>(42,397)</u>	<u>(64,250)</u>
Net (decrease) in cash and cash equivalents	(140,804)	(285,203)
Cash and cash equivalents at beginning of year	<u>264,904</u>	<u>550,107</u>
Cash and cash equivalents at end of year	\$ <u><u>124,100</u></u>	\$ <u><u>264,904</u></u>

The notes to the consolidated financial statements are an integral part of this statement.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Newark Development Partners Community Improvement Corporation (the Corporation) was incorporated on April 23, 2012. The Corporation is a nonprofit entity which was formed for the specific purpose to advance, encourage, and promote the industrial, economic, commercial, and civic development of Newark, Ohio. The Board of Directors is made up of the City of Newark Engineer, Development Director, and Public Service Director, an attorney, and executives from local businesses.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

B. Accounting Basis

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

C. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) ASC 958 *Financial Statements of Not for Profit Organizations*. The Corporation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as assets without donor restrictions on the Statements of Activities.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows and for presentation of the Statements of Financial Position, the assets in the checking accounts are considered to be cash and cash equivalents.

E. Income Taxes

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

The Corporation's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2017, 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years from the acquisition date after they were filed.

F. Use of Estimates

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

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

G. Accounting Pronouncements Adopted

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" (Topic 606). For revenue recognition, unconditional contributions are recognized as revenue in the period the commitment or payment is first received. Conditional contributions are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the contribution. Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. The Corporation has adopted this ASU for the year ended December 31, 2019. The implementation did not have an effect on the consolidated financial statements of the Corporation.

In 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) - "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made", included in ASC 958-605, "Not-for-Profit Entities- Revenue Recognition." The update addresses the complexity and understandability of whether a contract or agreement should be accounted for as a contribution or as an exchange transaction and provides a framework for determining whether a contribution is conditional or unconditional and its impact on the timing of revenue recognition. The Corporation has adopted this ASU for the years ended December 31, 2020 and 2019. The implementation did not have an effect on the consolidated financial statements of the Corporation.

H. Consolidation

The Corporation is the sole member of five limited liability companies.

- 4082 Ltd. held a mortgage secured by real estate in Newark, Ohio. Funds used to purchase the mortgage were received from contributions made to 4082 Ltd. by local donors. The outstanding balance of the mortgage payable in the amount of \$231,942 at December 31, 2018 was received in full in November 2019.
- NDP-195 Union LLC owns a commercial rental property in Newark, Ohio. The property was donated to NDP-195 Union LLC in December 2016. The book value of the property at December 31, 2020 and 2019 was \$988,817 and \$1,004,770, respectively.
- Historic Arcade LLC owns a commercial rental property in Newark, Ohio. The property was purchased in November 2019 from contributions made to Historic Arcade LLC by local donors. The book value of the property at December 31, 2020 and 2019 was \$836,707 and \$685,059, respectively.
- NDP-West Church LLC owns two commercial properties in Newark, Ohio. A vacant lot was purchased in September 2019. The book value of the property at December 31, 2020 and 2019 was \$40,208. A vacant building was donated to NDP-West Church LLC in December 2019. The book value of the property at December 31, 2020 and 2019 was \$75,000.
- NDP-Hudson LLC owns a vacant building and five vacant lots in Newark, Ohio. The properties were donated to NDP-Hudson LLC in December 2020. The book value of the properties at December 31, 2020 was \$201,500.

I. Functional Expenses

The Corporation's expenses are all considered to be for the same function, which is to promote the development of Newark, Ohio. Since there is only one function, there are no expenses that require allocation between functions.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

2. Cash

The carrying value of cash deposits was \$124,100 with a bank balance of \$129,988 at December 31, 2020 and \$264,904 with a bank balance of \$270,807 at December 31, 2019. Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution.

3. Restrictions on Net Assets

GAAP requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

At December 31, 2020 and 2019, there was net assets with donor restrictions related to contributions received and pledges from local donors to assist with the payback of the promissory note for the White Field Turf Replacement project and the Historic Arcade restoration.

At December 31, 2019, there was \$54,942 of donor restricted net assets for the White Field Turf Replacement project. At December 31, 2019 and 2020, there was \$208,056 and \$2,305,183, respectively of donor restricted net assets for the Historic Arcade restoration project.

4. Contingent Liabilities

Management believes there are no pending or threatened claims or lawsuits.

5. Risk Management

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

- General liability;
- Public officials' liability

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

6. Capital Assets

Capital Assets consisted of the following at December 31, 2020:

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2020</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 639,908	\$ 126,500	\$ -	\$ 766,408
Construction in Progress	<u>-</u>	<u>50,010</u>	<u>-</u>	<u>50,010</u>
Total capital assets, not being depreciated	<u>639,908</u>	<u>176,510</u>	<u>-</u>	<u>816,418</u>
<i>Capital assets, being depreciated:</i>				
Equipment and other	54,835	12,637	-	67,472
Buildings and improvements	<u>1,193,684</u>	<u>188,191</u>	<u>-</u>	<u>1,381,875</u>
Total capital assets, being depreciated	<u>1,248,519</u>	<u>200,828</u>	<u>-</u>	<u>1,449,347</u>
<i>Less: accumulated depreciation:</i>				
Equipment and other	(9,704)	(5,308)	-	(15,012)
Buildings and improvements	<u>(73,686)</u>	<u>(34,835)</u>	<u>-</u>	<u>(108,521)</u>
Total accumulated depreciation	<u>(83,390)</u>	<u>(40,143)</u>	<u>-</u>	<u>(123,533)</u>
Total capital assets, being depreciated	<u>1,165,129</u>	<u>160,685</u>	<u>-</u>	<u>1,325,814</u>
Total capital assets, net	<u>\$ 1,805,037</u>	<u>\$ 337,195</u>	<u>\$ -</u>	<u>\$ 2,142,232</u>

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**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Capital Assets, as restated, consisted of the following at December 31, 2019:

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2019</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 156,000	\$ 483,908	\$ -	\$ 639,908
Total capital assets, not being depreciated	<u>156,000</u>	<u>483,908</u>	<u>-</u>	<u>639,908</u>
<i>Capital assets, being depreciated:</i>				
Equipment and other	45,185	59,650	(50,000)	54,835
Buildings and improvements	<u>867,369</u>	<u>326,315</u>	<u>-</u>	<u>1,193,684</u>
Total capital assets, being depreciated	<u>912,554</u>	<u>385,965</u>	<u>(50,000)</u>	<u>1,248,519</u>
<i>Less: accumulated depreciation:</i>				
Equipment and other	(5,321)	(4,383)	-	(9,704)
Buildings and improvements	<u>(47,428)</u>	<u>(26,258)</u>	<u>-</u>	<u>(73,686)</u>
Total accumulated depreciation	<u>(52,749)</u>	<u>(30,641)</u>	<u>-</u>	<u>(83,390)</u>
Total capital assets, being depreciated	<u>859,805</u>	<u>355,324</u>	<u>(50,000)</u>	<u>1,165,129</u>
Total capital assets, net	<u>\$ 1,015,805</u>	<u>\$ 839,232</u>	<u>\$ (50,000)</u>	<u>\$ 1,805,037</u>

Capital assets are recorded at cost, less accumulated depreciation. Provisions for depreciation are computed under the straight-line method based upon the estimated useful lives of the assets. The Corporation's buildings and improvements will be depreciated over 39 years. Other assets are being depreciated over 7-15 years. Capital assets that are donated are recorded at their fair value on the date of receipt. The Corporation maintains a capitalization threshold of \$1,000.

7. Long-Term Debt

On June 17, 2015, the Corporation issued a promissory note for a maximum of \$600,000; however, the Corporation only financed \$458,409 in 2015. It has an interest rate of 4.50%. The purpose of the note was to fund the White Field Turf Replacement project for the Newark City Schools. The note matured on June 17, 2020. The entire outstanding balance of \$42,397 at December 31, 2019 was due at that time. The Corporation could make payments in the interim if they so choose. The note was repaid with funds raised through commitments until the loan was paid off. The balance due on the note was paid in full in January 2020.

8. Contributions

The Corporation receives contributions from individuals, governmental entities and private institutions to be used to accomplish the Corporation's purposes.

**NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

9. Accounts Receivable

In 2019, accounts receivable consisted of pledges from local donors to assist with the payback of the promissory note for the White Field Turf Replacement project. These pledges represent promises to give and will be collected as payments on the promissory note are made. The Corporation believes these pledges will be received up until the promissory note is due and no allowance for uncollectible pledges has been recorded. Pledges remaining to be collected are presented as net assets with donor restrictions. The remaining pledges for the White Field Turf Replacement project were collected by January 2020.

In 2020, a capital campaign was started for the restoration of the Historic Arcade. The pledges will be collected over a five-year period. Pledges expected to be collected within one year are reported as current assets and amounts expected to be collected thereafter are reported as noncurrent assets. No allowance for uncollectible pledges has been recorded. All pledges remaining to be collected are presented as net assets with donor restrictions.

10. Line of Credit

On July 31, 2020, the Corporation obtained a line of credit in the amount of \$100,000. At December 31, 2020, no funds had been drawn from the line of credit.

11. Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of the Statements of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statements of Financial Position date.

	2020	2019
Financial assets at year-end	\$ 2,332,698	\$ 319,894
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted pledges for White Field promissory note	-	(54,942)
Donor-restricted funds for operation of Historic Arcade LLC	(2,305,183)	(208,056)
Financial assets available to meet cash needs for general expenses within one year	\$ 27,515	\$ 56,896

The Corporation's goal is generally to maintain financial assets to meet 100 days of operating and program expenses.

12. Change in Accounting Policy

For the year ended December 31, 2019, the Corporation made a change to its operating revenue classification as presented in the Statements of Activities. This change includes reporting program specific revenues as Program revenues in the consolidated financial statements as opposed to Operating Contributions. The purpose of this change in accounting policy is for the Corporation to more accurately report revenues received for special projects from general operating contributions.

13. COVID-19

The United States of America and the State of Ohio declared a state of emergency in March 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 Corporation's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that may be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Corporation's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**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***

Newark Development Partners Community Improvement Corporation
Licking County
50 West Locust Street
Newark, Ohio 43055

To 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 consolidated financial statements of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 12, 2021, wherein we noted as described in Note 13 to the consolidated financial statements, 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 consolidated financial statements, we considered the Newark Development Partners Community Improvement 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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Newark Development Partners Community Improvement Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Newark Development Partners Community Improvement 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 Newark Development Partners Community Improvement Corporation'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 the Newark Development Partners Community Improvement Corporation's 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 determination of financial statement amounts. 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 Newark Development Partners Community Improvement 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.
August 12, 2021

OHIO AUDITOR OF STATE KEITH FABER



NEWARK DEVELOPMENT PARTNERS

LICKING 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 11/9/2021

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