



**NORTHWEST OHIO ADVANCED ENERGY
IMPROVEMENT DISTRICT
LUCAS COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Marietta, OH 45750
740 373 0056

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Vienna, WV 26105
304 422 2203

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St. Clairsville, OH 43950
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Northwest Ohio Advanced Energy Improvement District
One Maritime Plaza, Suite 701
Toledo, Ohio 43604

We have reviewed the *Independent Auditor's Report* of the Northwest Ohio Advanced Energy Improvement District, Lucas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 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 Northwest Ohio Advanced Energy Improvement District 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

June 17, 2021

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**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
LUCAS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 1, 2021

Northwest Ohio Advanced Energy Improvement District
Lucas County
One Maritime Plaza, Suite 701
Toledo, OH 43604

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Northwest Ohio Advanced Energy Improvement District**, Lucas County, Ohio (the District), (a not-for-profit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

Auditor's Responsibility (Continued)

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northwest Ohio Advanced Energy Improvement District, Lucas County, Ohio as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 5 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

Current assets

Cash	\$	67,738
Cash and cash equivalents held by trustees		6,723,490
Current portion of notes receivable		3,497,809
Interest receivable		748,368
Total current assets		11,037,405

Noncurrent assets

Notes receivable, net of current portion and unexpended funds		30,975,030
Total noncurrent assets		30,975,030

	\$	42,012,435
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LIABILITIES AND NET ASSETS

Current liabilities

Current portion of bonds payable	\$	2,705,000
Management fee payable - Toledo-Lucas County Port Authority		420,274
Current portion of notes payable		1,243,583
Accrued interest		192,043
Total current liabilities		4,560,900

Noncurrent liabilities

Bonds payable, net of current portion and unamortized bond issuance costs		27,520,043
Notes payable, net of current portion		1,478,127
Notes receivable issuance costs, net of amortization		960,370
Prepaid fees		376,785
Funds held on behalf of borrowers		3,347,691
Total noncurrent liabilities		33,683,016

Net assets

Net assets without donor restrictions		768,519
Net assets with donor restrictions		3,000,000
Total net assets		3,768,519

	\$	42,012,435
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The accompanying notes are an integral part of these financial statements.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues			
Interest income from notes receivable	\$ 2,154,054	\$ -	\$ 2,154,054
Fee income	355,048	-	355,048
Investment income	42,633	-	42,633
Total revenue	<u>2,551,735</u>	<u>-</u>	<u>2,551,735</u>
Expenses			
Interest expense on bonds payable	1,448,785	-	1,448,785
Bond administration fees	269,387	-	269,387
Legal and other professional fees	12,800	-	12,800
Amortization of bond issuance costs	82,965	-	82,965
Trustee fees	41,597	-	41,597
Bad debt expense	2,580	-	2,580
Management fee	420,274	-	420,274
Total expenses	<u>2,278,388</u>	<u>-</u>	<u>2,278,388</u>
Change in net assets	<u>273,347</u>	<u>-</u>	<u>273,347</u>
Net assets, beginning of year	495,172	3,000,000	3,495,172
Net assets, end of year	<u>\$ 768,519</u>	<u>\$ 3,000,000</u>	<u>\$ 3,768,519</u>

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

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

Cash flows from operating activities		
Change in net assets		\$ 273,347
Adjustments to reconcile net change in net assets to net cash provided by (used in) operating activities:		
Amortization of bond issuance costs		82,965
Amortization income - deferred revenue and note receivable issuance costs		(169,636)
Changes in operating assets and liabilities:		
Change in:		
Interest receivable		(14,731)
Related party payable		(84,541)
Unearned revenue		(1,149)
Accrued interest		(440)
	Net cash provided by operating activities	85,815
Cash flows from investing activities		
Principal payments received on notes receivable		3,740,603
Advances made to borrowers		(2,837,544)
	Net cash provided by investing activities	903,059
Cash flows from financing activities		
Proceeds from the issuance of notes payable		1,080,862
Payments on notes payable		(157,110)
Payments on bonds payable		(2,580,000)
	Net cash used in financing activities	(1,656,248)
Net decrease in cash and cash equivalents		(667,374)
Cash and cash equivalents at beginning of year		7,458,602
Cash and cash equivalents at end of year		\$ 6,791,228

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

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

Note 1—Summary of significant accounting policies

Description of the entity

The Northwest Ohio Advanced Energy Improvement District, Lucas County, Ohio (the District) is a not-for-profit corporation established pursuant to Ohio Revised Code (ORC) Chapters 1702 and 1710. The energy special improvement district (ESID) was created by legislative action taken by participating political subdivisions and is governed by the District's board of trustees. Members of the District are the owners of parcels of property located within the ESID. The District was established to develop and implement special energy improvement projects as defined by ORC Chapter 1710, including energy efficiency and clean and renewable energy projects at locations within the ESID. The District and the ESID will be conducive to and promote the public health, safety, peace, convenience and general welfare by creating projects that conserve energy and create a cleaner environment, lead to energy independence, create jobs and economic growth and development, especially jobs in the energy economy, and promote the general welfare in the area of the ESID and the participating political subdivisions.

Nature of business

The purpose of the District is to provide financing through loans to businesses for energy efficiency and clean and renewable energy projects located with the jurisdiction of the ESID.

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

Basis of accounting

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

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents held by trustees

For purposes of the financial statements, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The District's cash and cash equivalents are held in trust accounts that are managed by bank trust departments. The accounts held by Huntington Bank are available for project costs and operating disbursements. The accounts held by Bank of New York Mellon are available for payments related to the bonds payable.

Notes receivable issuance costs

Notes receivable issuance costs are cost incurred related to the issuance of notes receivable. These costs are amortized over the term of the related notes. Unamortized notes receivable issuance costs at December 31, 2020 were \$960,370.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Year Ended December 31, 2020

Note 1—Summary of significant accounting policies – continued

Prepaid fees

Prepaid fees represent fees charged to borrowers and is amortized over the term of the loan. Prepaid fees at December 31, 2020 amounted to \$376,785.

Funds held on behalf of borrowers

Funds held on behalf of borrowers represent a reserve withheld from funds disbursed to borrowers as collateral. The funds will be held until the loans are paid off at which time the amount will be recorded as the last payment or refunded to the borrower. Funds held on behalf of borrowers at December 31, 2020 were \$3,347,691.

Revenue recognition

Interest income from notes receivable, fee income and investment income are recognized ratably as it accrues.

Net assets

The net assets without restriction are not restricted by donors, or the donor-imposed restrictions have expired. Net assets with donor restrictions are segregated on the accompanying statement of financial position.

Income taxes

Pursuant to provisions of the Internal Revenue Code, the District has elected to be taxed as a corporation. Management has evaluated the District's income tax position and has concluded the income derived from its activities is excludable under Internal Revenue Code section 115(1) which provides that gross income for federal income tax purposes does not include income accruing to a state or political subdivision that is derived from the exercise of an essential government function. Therefore, no current or deferred federal income taxes exist.

Management is required to determine whether a tax position of the District is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. With few exceptions, the District is no longer subject to U.S. federal, state or local tax examinations for years before 2017. It is difficult to predict the final timing and resolution of any particular uncertain tax position. Based on the District's assessment of many factors, including past experience and judgments about future events, the District does not currently anticipate significant changes in its uncertain tax positions over the next 12 months.

Subsequent events

The District has evaluated subsequent events through June 1, 2021 the date the financial statements were available to be issued, and determined that there are no additional events which require recording or disclosure other than as noted below.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Year Ended December 31, 2020

Note 2—Notes receivable

Notes receivable are loans to business located in Ohio for energy efficiency and clean and renewable energy projects. Principal and interest payments are required to be paid monthly directly to the District or semi-annually through special assessments on the borrowers' property taxes in an amount to fully amortize the loan over its term. A summary of notes receivable at December 31, 2020 is as follows:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Monthly payments:					
IPS Energy-Collins Park Solar Project	\$ 1,040,000	3/15/2022	4.50%	\$ 11,354	\$ 165,316
Kistler Ford Sales, Inc.	198,101	11/15/2027	5.50%	1,689	116,392
Little Learners	45,000	11/15/2037	6.00%	286	25,181
Louisville Title	194,650	6/1/2026	4.75%	1,588	92,104
Solscient Energy, LLC (GM)	1,177,920	5/1/2027	4.32%	Various	696,360
Solscient Energy, LLC (GM)	500,000	12/20/2028	4.00%	3,698	303,417
Sylvania Tam-O-Shanter Sports, Inc.	313,000	10/15/2022	5.50%	3,397	70,933
Valentine Theatre	105,521	3/15/2027	3.00%	729	50,983
Semi-annual payments:					
107 LLC	76,500	7/31/2024	4.75%	7,286	52,471
123 N. Erie LLC	280,240	7/31/2033	6.00%	14,032	269,781
13 North Huron	55,182	7/31/2031	5.00%	2,662	44,516
16 Broadway St	79,560	7/31/2031	5.00%	3,858	65,363
1800 Limited, LLC	161,389	7/31/2029	5.75%	Various	120,551
26610 Eckel LLC	243,586	7/31/2033	6.00%	12,303	231,231
405 Madison Limited, LLC	448,257	7/31/2029	5.75%	Various	347,539
920 Illinois Ave, LLC	3,660,000	7/1/2032	4.53%	Various	3,261,418
Anthony M. Fronk LLC	86,864	7/31/2033	5.15%	4,314	81,136
Art Iron	266,016	7/31/2031	5.00%	Various	248,844
Asset Protection Corporation	131,324	7/31/2029	5.25%	8,205	124,745
B&B Molded Products	1,305,000	11/15/2030	4.95%	Various	1,030,000
Barone Brothers, LLC	1,806,777	7/31/2033	5.00%	91,289	1,646,135
Barron's Lawn Service	175,000	11/15/2030	4.50%	8,629	140,961
Beauty Bar	30,424	7/31/2032	5.00%	1,606	27,430
Bluffton Family Recreation	101,535	7/31/2032	5.00%	5,300	90,488
Briarwood Management Project	1,260,000	11/15/2035	4.35%	Various	1,105,000
Brickyard on Main	183,279	7/31/2033	6.00%	9,256	173,983
City of Delphos	8,500	7/1/2021	5.00%	2,280	4,392
City of Northwood	81,593	7/31/2022	5.00%	10,913	41,029
City of Oregon	1,751,175	7/31/2028	3.90%	Various	1,112,686
City of Toledo	51,195	10/15/2026	5.48%	4,805	41,461
City of Toledo ESID 1-40	5,325,000	10/15/2026	5.48%	Various	3,335,203

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Year Ended December 31, 2020

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2020 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
County of Medina	25,500	7/31/2022	5.00%	2,702	10,157
Crane Development	81,223	7/31/2027	5.00%	5,457	61,965
Dealer Portfolio Solutions	43,860	7/30/2026	5.00%	2,797	28,641
DOGR Properties, LLC	800,000	7/31/2033	5.15%	39,724	747,239
Findlay Surgical Center	1,095,000	7/31/2031	4.25%	Various	920,000
Hale Performance	565,000	7/31/2031	5.35%	Various	485,000
Imagination Station	1,626,970	7/31/2034	4.15%	77,410	1,626,970
J-Zamm Properties LLC	11,480	7/31/2023	5.00%	1,319	7,258
JA2 Investments, LLC	127,500	7/31/2030	4.75%	6,100	96,222
JAM III Enterprises	76,100	7/31/2032	5.00%	3,846	65,664
Jamaican Spice	59,670	7/31/2026	5.00%	3,758	56,479
JMS Real Estate	170,000	7/31/2024	6.25%	12,191	85,131
Job One USA	472,339	12/12/2028	5.50%	Various	324,435
John and Adrienne O'Donnell, LLC	417,652	7/31/2032	5.00%	21,181	381,945
Kettering Tower	2,335,000	11/15/2025	4.35%	Various	1,415,000
KG Funding LLC	126,278	7/31/2033	5.15%	6,270	123,178
Liberty Ridge II	1,328,315	7/31/2043	5.30%	51,713	1,297,163
Lima Chamber of Commerce	36,920	7/31/2027	5.00%	2,464	27,981
Marshall Fitness	44,650	7/31/2027	5.00%	3,000	34,063
Maumee Valley Movers	242,019	11/15/2030	4.10%	Various	199,855
NZR	1,485,035	7/31/2028	5.90%	Various	656,849
Radon Environmental	26,269	7/31/2026	5.00%	Various	17,073
Rupp Unlimited Property Partnership	91,473	7/31/2025	4.45%	5,648	58,909
S&G Asset Group	365,000	7/31/2025	4.70%	Various	245,000
Sethi Investments, LLC	140,142	7/31/2033	6.00%	7,078	133,034
Shumaker Loop & Kendrick, LLP	443,700	7/31/2025	3.50%	48,636	443,700
SKA Enterprises	128,774	7/31/2027	5.81%	6,784	77,126
Springfield Township Fire Station	685,000	7/31/2031	5.25%	Various	585,000
Springfield Township Administration	166,649	7/31/2031	5.00%	7,923	132,481
Stevens Venture 3 - Saginaw, LLC	101,760	7/31/2022	5.35%	11,802	44,181
Stone Family Enterprises	280,000	7/31/2031	5.25%	Various	245,000
The Toledo Club	689,159	7/31/2028	4.85%	Various	468,993
Toledo Legal Building, Ltd	99,106	7/31/2032	5.00%	5,080	87,255
Toledo School of the Arts	1,361,452	7/31/2028	4.69%	66,225	922,904
Top of the Market	655,000	11/15/2030	4.65%	Various	505,000

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Year Ended December 31, 2020

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2020 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Torrey Hill Apt 2356 Torrey Hill Drive	169,000	7/31/2030	5.50%	8,920	145,786
Torrey Hill Apts - 1945 Ottawa Drive	135,000	7/31/2031	5.35%	7,738	129,060
Torrey Hill Apts - 2252 Collingwood	135,000	7/31/2031	5.35%	Various	120,000
TronAir, Inc.	347,211	7/31/2027	3.57%	Various	256,696
TronAir, Inc.	100,000	7/31/2027	4.00%	Various	74,038
UAW Local 12	521,000	7/31/2026	4.75%	25,689	265,518
United North	304,000	12/1/2027	5.50%	15,654	257,963
Valico, LLC	82,857	7/31/2032	5.00%	4,202	71,743
Van Wert County Hospital	35,700	7/31/2021	5.00%	7,110	13,699
Vibrant Ventures, LLC	515,449	7/31/2033	5.15%	25,665	493,571
Village of Edon	22,694	7/31/2025	5.00%	2,585	22,694
YMCA of Greater Toledo - Ft. Meigs	635,055	7/31/2038	4.90%	26,388	609,898
YMCA of Greater Toledo - Sylvania	660,337	7/31/2038	4.90%	27,439	634,178
YMCA of Greater Toledo - West	342,384	7/31/2038	4.90%	14,227	328,821
YMCA of Greater Toledo - Wolf Creek	430,315	7/31/2038	4.90%	Various	413,027
4493 286th Street	6,500	7/31/2028	4.25%	403	5,411
625 Acklin	11,200	12/31/2027	4.25%	692	8,294
2245 Airline	6,980	12/31/2027	4.25%	447	5,363
2721 Arthur	8,955	7/31/2030	4.25%	563	8,955
734 Barclay	6,970	12/31/2027	4.25%	434	5,198
4332 Belmar	6,718	7/31/2026	3.50%	424	4,550
4112 Berwick	4,336	7/31/2026	3.50%	273	2,928
4316 Birchall	8,535	7/31/2026	3.50%	537	5,764
2134 Birkdale	10,260	7/31/2030	4.25%	640	10,260
3540 Brock	6,240	7/31/2029	4.25%	1,032	15,281
714 Bronx	13,867	12/31/2027	4.25%	930	11,140
2316 Castlewood	5,800	7/31/2030	4.25%	373	5,800
4160 Carthage	12,486	7/31/2026	3.50%	786	8,432
3310 Cheltenham	9,885	7/31/2030	4.25%	628	9,885
25 Clifton	7,697	7/31/2028	4.25%	490	6,574
2044 Collingwood	14,350	7/31/2027	4.25%	952	11,413
625 Collins	8,520	7/31/2030	4.25%	530	8,520
522 Continental	9,449	12/31/2027	4.25%	586	7,022
429 Darrow	3,815	7/31/2028	4.25%	241	3,230
2837 Densmore	6,000	7/31/2030	4.25%	381	6,000

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Year Ended December 31, 2020

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2020 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
1564 Eleanor	5,702	7/31/2031	4.25%	366	5,702
4435 Fir Lane	10,200	7/31/2031	4.25%	657	10,200
2268 Glenwood	12,719	7/31/2030	4.25%	806	12,719
2537 Glenwood	6,113	12/31/2027	3.50%	366	4,510
1495 Gould	9,897	7/31/2026	3.50%	621	6,664
1905 Heatherwood	18,830	7/31/2026	3.50%	1,185	12,716
7113 Hollywyck	17,050	12/31/2027	4.25%	1,101	13,199
3628 Homewood	6,045	7/31/2029	4.25%	375	5,549
647 Hudson	8,700	7/31/2029	4.25%	555	8,586
512 Kopernik	4,191	7/31/2030	4.25%	270	4,191
1335 Laclede	7,669	7/31/2026	3.50%	480	5,147
2842 Letchworth	5,488	7/31/2029	4.25%	350	5,182
4330 Lowe	10,285	12/31/2027	4.25%	659	7,902
3764 Mapleway	14,745	12/31/2027	4.25%	959	11,499
2364 Meadowwood	24,454	7/31/2026	3.50%	1,548	16,611
308 Mont Royal	7,700	7/31/2028	4.25%	477	6,409
1413 N Huron	8,052	7/31/2029	4.25%	501	7,418
2401 Parkwood	12,121	12/31/2027	4.25%	777	9,313
4380 River Road	7,900	7/31/2030	4.25%	509	7,900
2236 Robinwood	28,013	12/31/2027	4.25%	1,796	21,522
2320 Robinwood	14,164	12/31/2027	3.50%	851	10,482
2634 Robinwood	10,329	7/31/2030	4.25%	645	10,329
3841 Rohr	12,662	7/31/2030	4.25%	816	12,662
1345 Rollins	8,946	7/31/2026	3.50%	561	6,024
2116 Scottwood	7,665	7/31/2027	4.25%	505	6,052
2333 Scottwood	19,200	7/31/2029	4.25%	1,199	17,750
2515 Scottwood	11,200	7/31/2028	4.25%	697	9,356
2716 Scottwood	9,404	7/31/2027	4.25%	629	7,534
1010 Searls	6,065	7/31/2030	4.25%	376	6,065
3146 Sherbrooke	9,751	7/31/2029	4.25%	624	9,241
4424 Walker	11,007	7/31/2030	4.25%	707	11,007
554 Walsh	7,182	12/31/2027	4.25%	460	5,518
3618 Watson	6,215	7/31/2030	4.25%	401	6,215
1935 Wellesley	11,040	7/31/2029	4.25%	692	10,242
4026 Wetzler	13,079	7/31/2026	3.50%	818	8,779

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Year Ended December 31, 2020

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2020 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
571 Williamsdale	9,703	12/31/2027	4.25%	600	7,185
525 Winthrop	4,809	7/31/2029	4.25%	307	4,040
					<u>\$ 32,052,032</u>

Semi-annual payments - related parties:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
ParkSmart	722,114	8/25/2025	3.00%	36,000	\$ 352,932
TLCPA One Maritime Plaza	1,094,588	8/25/2025	3.42%	52,500	538,685
TLCPA Martin Luther King Plaza	460,686	8/28/2026	3.00%	17,135	243,978
TLCPA TEA Terminal Roof	1,810,000	7/31/2027	4.80%	Various	1,365,000
TLCPA Two Maritime Plaza	545,000	7/31/2031	5.00%	Various	455,000
TLCPA TAA Hangar	473,463	7/31/2032	4.20%	23,647	421,382
TLCPA TEA Maintenance	27,874	7/31/2022	5.00%	3,242	12,189
TLCPA TEA Lighting Project	62,990	7/31/2025	3.88%	4,922	48,366
TLCPA Toledo Express Airport	845,771	11/15/2028	4.83%	Various	644,001
					<u>4,081,533</u>
				Total notes receivable	36,133,565
				Less current portion	<u>(3,497,809)</u>
					32,635,756
				Less unexpended funds	<u>(1,660,726)</u>
				Notes receivable, net of current portion and unexpended funds	<u><u>\$ 30,975,030</u></u>

Future principal payments of notes receivable for years succeeding 2020 are as follows:

December 31,	
2021	\$ 3,497,809
2022	3,229,307
2023	3,281,145
2024	3,449,180
2025	4,001,129
Thereafter	<u>18,674,995</u>
Total future maturities of notes receivable	<u><u>\$ 36,133,565</u></u>

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Year Ended December 31, 2020

Note 3—Long-term debt

The Northwest Ohio Bond Fund issues taxable and tax-exempt revenue bonds to provide financial assistance to private-sector, governmental and non-profit entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and funds held in reserve and are payable solely from payments on notes receivable. The District has borrowed \$41,655,000 from the Northwest Ohio Bond Fund to provide financing through loans to businesses for energy efficiency and clean and renewable energy projects. Principal and interest payments are payable semi-annually in an amount that will amortize the loans over their term until maturity.

A summary of bonds payable to the Northwest Ohio Bond Fund at December 31, 2020 is as follows:

	Face Amount	Maturity Date	Interest Rate	Balance	Bond Reserve
2012B	\$ 5,325,000	11/15/26	4.67%	\$ 3,160,000	\$ 532,500
2012C-1	1,840,000	05/15/22	4.32%	530,000	184,000
2012C-2	3,055,000	05/15/27	4.32%	1,825,000	305,500
2012C-3	1,540,000	05/15/27	4.32%	925,000	154,000
2013A-1	360,000	11/15/23	4.83%	170,000	36,000
2013A-2	2,600,000	11/15/28	4.83%	1,855,000	260,000
2013A-3	1,795,000	11/15/28	4.83%	1,280,000	179,500
2015B-1	1,260,000	11/15/30	4.35%	1,050,000	126,000
2015B-2	655,000	11/15/30	4.35%	505,000	65,500
2015B-3	1,215,000	11/15/30	4.35%	980,000	121,500
2015B-4	670,000	11/15/30	4.35%	405,000	67,000
2015B-5	1,665,000	11/15/30	4.35%	1,010,000	166,500
2017A-1	2,455,000	11/15/27	3.57%	1,815,000	245,500
2017A-2	4,240,000	11/15/31	3.88%	3,520,000	424,000
2017D-1	175,000	11/15/27	4.20%	140,000	17,500
2017D-2	2,010,000	11/15/32	4.20%	1,800,000	201,000
2017D-3	440,000	11/15/32	4.20%	395,000	44,000
2017D-4	3,650,000	11/15/32	4.20%	3,270,000	365,000
2019A-1	3,425,000	11/15/33	4.37%	3,185,000	342,500
2019A-2	1,980,000	11/15/38	4.52%	1,895,000	198,000
2019A-3	1,300,000	11/15/43	4.65%	1,255,000	130,000
		Total bonds payable		\$ 30,970,000	\$ 4,165,500
		Less unamortized bond issuance costs		(744,957)	
				30,225,043	
		Less current portion		(2,705,000)	
		Bonds payable net of current portion and unamortized bond issuance costs		\$ 27,520,043	

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Year Ended December 31, 2020

Note 3—Long-term debt – continued

A summary of notes payable outstanding at December 31, 2020 is as follows:

	Original Amount	Maturity Date	Interest Rate	Balance
ODSA	\$ 1,740,087	09/15/28	1.00%	\$ 1,097,385
TLCPA	1,080,862	---	2.00%	1,080,862
TLCPA	150,000	05/01/32	3.00%	123,517
TLCPA	150,000	05/01/33	3.00%	133,042
TLCPA	150,000	11/01/33	3.00%	136,904
TLCPA	150,000	11/01/35	3.00%	150,000
		Total notes payable		2,721,710
		Less current portion		(1,243,583)
		Notes payable net of current portion		<u>\$ 1,478,127</u>

Future maturities of long-term debt payable for years succeeding 2020 are as follows:

December 31,	
2021	\$ 3,948,583
2022	3,109,906
2023	2,952,346
2024	3,014,834
2025	3,362,369
Thereafter	17,303,672
Total future maturities of long-term debt	<u>\$ 33,691,710</u>

Bond issuance costs are cost incurred related to the issuance bonds payable. These costs are amortized over the term of the related bonds which range from 115 to 180 months. Amortization of bond issuance costs included in interest expense amounted to \$82,965 in 2020.

Future amortization of bond issuance costs for years succeeding 2020 are as follows:

December 31,	
2021	\$ 82,965
2022	82,965
2023	82,965
2024	82,965
2025	82,965
Thereafter	330,132
Total future amortization of bond costs	<u>\$ 744,957</u>

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
For the Year Ended December 31, 2020

Note 4—Related party transactions

On January 1, 2014, the District entered into an administrative agreement with the Authority to provide support services and resources. The management fee associated with the agreement is equal to the increase in net assets prior to the management fee for the previous calendar year not to exceed \$300,000. The management fee can be increased at the discretion of the Authority if the cost to provide the support services and resources exceeds the then-existing management fee. The fee is determined based on the audited increase in net assets prior to the management fee and becomes payable 30 days after the annual audit has been released. The management fee for the year ended December 31, 2020 was \$420,274 which was calculated based on the net assets for 2019 and is a payable to the Authority as of December 31, 2020.

At December 31, 2020, the District has outstanding notes receivable of \$4,081,533 from the Authority.

Note 5—Risks and uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen as of the date of the financial statements. The extent of the impact of COVID-19 on the District’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on the District’s customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the District’s financial condition or results of operations is uncertain.

Note 6—Liquidity

The following reflects the District’s financial assets as of December 31, 2020, available for general use within one year of the balance sheet date.

Cash	\$ 67,738
Current portion of notes receivable	3,497,809
Interest receivable	748,368
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,313,915

Operations of the District are substantially funded through monies borrowed from bonds and commercial loans, used to fund loans to property owners for improvements.

Note 7- Methods used for allocation of expenses

The financial statements report all categories of expenses to be attributable to one program or supporting function. Therefore, these expenses do not require allocation as they are attributable to either program expense or management and general expenses.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

June 1, 2021

Northwest Ohio Advanced Energy Improvement District
Lucas County
One Maritime Plaza, Suite 701
Toledo, OH 43604

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the statement of financial position of the **Northwest Ohio Advanced Energy Improvement District**, Lucas County (the District) (a nonprofit organization) as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 1, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

OHIO AUDITOR OF STATE KEITH FABER



NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT

LUCAS 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 6/29/2021

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