FRANKLIN COUNTY STADIUM, INC.
DBA HUNTINGTON PARK AND
COLUMBUS BASEBALL TEAM, INC.
DBA COLUMBUS CLIPPERS

(A COMPONENT UNIT OF FRANKLIN COUNTY)

FRANKLIN COUNTY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2023

Zupka & Associates

Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Franklin County Stadium, Inc. dba Huntington Park
and Columbus Baseball Team, Inc. dba Columbus Clippers
330 Huntington Park Lane
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Franklin County Stadium, Inc. dba Huntington Park and Columbus Baseball Team, Inc. dba Columbus Clippers, Franklin County, prepared by Zupka & Associates, for the audit period January 1, 2023 through December 31, 2023. 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 Franklin County Stadium, Inc. dba Huntington Park and Columbus Baseball Team, Inc. dba Columbus Clippers is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

May 07, 2024

This page intentionally left blank.

FRANKLIN COUNTY STADIUM, INC.
DBA HUNTINGTON PARK AND
COLUMBUS BASEBALL TEAM, INC. DBA COLUMBUS CLIPPERS
(A COMPONENT UNIT OF FRANKLIN COUNTY)
FRANKLIN COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Franklin County Stadium, Inc. dba Huntington Park and
Columbus Baseball Team, Inc. dba Columbus Clippers
Franklin County
330 Huntington Park Lane
Columbus, Ohio 43215

To the Board of Trustees:

Report on the Financial Statements

Opinion

We have audited the accompanying combined financial statements of Franklin County Stadium, Inc. dba Huntington Park and Columbus Baseball Team, Inc. dba Columbus Clippers (collectively referred to as the "Organization"), a component unit of Franklin County, Ohio, which comprise the combined statement of net position as of December 31, 2023, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the net position of the Organization as of December 31, 2023, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2024, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

April 19, 2024

This page intentionally left blank.

This discussion and analysis, along with the accompanying financial report, of the Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. dba The Columbus Clippers (the "Organization") is designed to provide our creditors and other interested parties with a general overview of the Organization and its financial activities.

Financial Highlights

- The total assets of the Organization on December 31, 2023 were $29,898,922, an increase of $1,778,690 from 2022.

- The net position of the Organization on December 31, 2023 was $24,908,859, an increase of $2,278,934 from 2022.

- The Organization had total operating revenues of $14,209,822 for 2023, an increase of $957,198 from 2022.

Overview of Basic Financial Statements

The Organization is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The Combined Statement of Net Position includes all of the Organization's Assets and Liabilities. This statement provides information about the nature and amounts of investments in resources (assets) owned by the Organization, and obligations owed by the Organization (liabilities). The Organization's net position (equity) is the difference between assets and liabilities.

The Combined Statement of Revenues, Expenses, and Changes in Net Position provide information on the Organization's operations over the past year. Revenues are reported when earned and expenses are reported when incurred.

The Combined Statements of Cash Flows provides information about the Organization's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing and financing activities.

This space intentionally left blank

Combined Net Position

Table 1 provides a summary of the Organization's net position for 2023 compared to 2022:

Table 1
Net Position

	2023	2022
Assets:		
Current Assets	$14,469,680	$11,830,965
Other Assets	15,429,242	16,289,267
Total Assets	29,898,922	28,120,232
Liabilities:		
Current Liabilities	1,703,071	1,629,810
Noncurrent Liabilities	3,286,992	3,860,497
Total Liabilities	4,990,063	5,490,307
Net Position:		
Net Investment in Capital Assets	3,518,599	3,228,197
Unrestricted	21,390,260	19,401,728
Total Net Position	$24,908,859	$22,629,925

The Organization had an increase of net position for $2,278,934 from 2022 to 2023. The increase in current assets and net position is due to an increase in marketable securities.

This space intentionally left blank

Combined Statement of Revenues, Expenses, and Changes in Net Position

Table 2 below summarizes the changes in revenues, expenses, and the resulting change in net position for 2023 and 2022.

Table 2
Changes in Revenues, Expenses and Net Position

	2023	2022
Revenues:		
Ticket Sales	$4,745,097	$4,391,136
Concessions	2,996,706	2,606,005
Souvenirs	1,450,394	1,275,494
Parking	149,900	134,465
Sponsorships and Advertising	4,417,311	4,188,512
Special Events	245,275	494,296
Other Revenues	205,139	162,716
Total Operating Revenues	14,209,822	13,252,624
Operating Expenses:		
Ball Park	5,041,331	5,108,105
Payroll and Related Taxes	4,505,935	4,122,907
Team	953,248	904,983
Souvenirs	739,122	649,148
Advertising	113,451	120,685
Professional Services	180,333	153,027
Ticket Tax	113,964	112,481
Depreciation	278,869	269,736
Special Events	56,699	248,783
Other Expenses	566,349	413,393
Total Operating Expenses	12,549,301	12,103,248
Changes in Net Position from Operations	1,660,521	1,149,376
Non-Operating Revenues (Expenses):		
Interest Income	319,412	198,298
Net Realized and Unrealized Gain/(Loss) on Marketable Securities	299,001	(851,984)
Total Non-Operating Revenues (Expense)	618,413	(653,686)
Changes in Net Position	2,278,934	495,690
Net Position at Beginning of Year	22,629,925	22,134,235
Net Position at End of Year	$24,908,859	$22,629,925

The increases in revenues and expenses are due to the continuing recovery of the economy from the COVID Pandemic. And as revenues increase, then so will expenses to operate.

Capital Assets

The Organization had capital assets of $3,518,599 as of at December 31, 2023. Table 3 shows 2023 capital asset balances compared to 2022 capital asset balances:

Table 3
Capital Assets

	2023	2022
Construction in Progress	$ 116,155	$ 66,287
Machinery and Equipment	4,010,419	3,902,052
Leasehold Improvements	4,394,020	3,982,984
Capital assets, at cost	8,520,594	7,951,323
Less: Accumulated Depreciation	(5,001,995)	(4,723,126)
Capital assets, net	$ 3,518,599	$ 3,228,197

Overall, capital assets increased due to current year additions being more than current year depreciation expense. Additions to the ballpark consisted of completely re-arranging the A/V studio to make it more efficient; removing a wall in the visiting clubhouse to give them more room for a dining space; adding additional fascia boards to the ballpark and updating the out-of-town scoreboard. The project in progress is adding a second conference room in the offices as rental space. See note 4 in the notes to the basic financial statements for further details on the Organization's capital assets.

Debt

The Organization did not have any outstanding debt as of December 31, 2023.

Additional Information about the Organization

This management analysis is done each year to compare year-to-year operations and expenditures for Huntington Park. The 2023 calendar year was the 15th season of Huntington Park. Last season became the second season following the COVID aftermath on our economy. We were able to continue, and increase, booking other events throughout the season. Our objective discussion here is how we balance income versus expenses to successfully maintain projected profit levels and continue to service the debt on Huntington Park in an aggressive manner and well in front of the timelines originally projected. That overall premise is still true.

The team continues to promise to the community that there will not be significant price increases in attending our games. We have kept that promise by not increasing any ticket prices for box seats purchased in advance & for daily reserved seats and general admission tickets. However, an additional ticket pricing issue surfaced back in July of 2019 moving forward, with the application of a city-wide 5% ticket tax on tickets in excess of $10. That cost was passed on to all tickets that exceeded the $10 threshold. We should point out that when we initially started playing in 1977; our general admission prices were $5 for an adult and $2 for a youth/senior citizen. Now, 48 years later, those prices are $8 for an adult and $6 for a youth/senior citizen, well below inflation thresholds. Our award-winning park in the Arena District has continually focused on the introduction of new food items that have been very well received by our fans. Huntington Park has received accolades as one of the country's vegetarian-friendly ballparks and has continued to present menu items acknowledging industry trends towards the addition of gluten-free items and healthy menu choices. Our affiliation with the Cleveland Guardians and our relationship with our fans continues to grow in a very positive manner. We had won our 11th Governors' Cup Championship back in 2019; the most ever by a team in the history of our league. Last season we were second in Triple-A in average attendance; and second overall in paid attendance as we dealt with four rain-outs throughout the year.

Ballpark needs and maintenance continue to increase with the cost of goods and services. Our last major renovations were started in the fall of 2019 and continued into 2020 before baseball was suspended by the pandemic. We converted over to more efficient LED lighting of everything "behind the scenes" throughout 2019; and late that fall we signed a contract with MUSCO lighting for the conversion of all of the light towers to LED lighting in time for the 2020 season. These improvements were utilized for the first time in 2021; and they saw continued savings and growth throughout 2023. In 2020 we also installed additional netting in the grandstand to protect the fans from foul balls; and also enlarged the color video board for the fans to be more entertained and more informed. Insurance costs, which were somewhat reduced with the smaller number of events held in 2021 & 2022, began to increase up to pre-pandemic rates during 2023.

This 2023 overall audit will now be more comparable to our 2022 audit. In comparing 2023 to 2022 in many areas, we will find we saw an overall increase of about 7% in revenues versus only a 4% increase in expenses. Ticket revenues, concession revenues, souvenir (merchandise) revenues and sponsorship revenues are all now much better aligned these past two seasons with where we expect to be on a yearly basis. On the expense side of the ledger, expenses are also much more aligned with prior seasons.

On December 5, 1976, for the sum of $25,000, the Board of Trustees of Columbus Baseball Team, Inc., doing business as the Columbus Clippers [Minor League] Professional Baseball Organization (Clippers), purchased a "franchise" position in Triple-A Minor League Baseball (International League), from the Pittsburgh Athletic Company, Inc., doing business as the Pittsburgh Pirates [Major League] Professional Baseball Organization. Long ago, that purchase price was amortized on the financial statements of the Organization.

Major League Baseball did not renew the National Association Player Development Contract after the 2019 season; which meant that for the first time since 1903 our level of professional baseball has endured a complete reinvention. Now we function with Major League Baseball under what is known as a "Player Development License" (begun in 2021), which is now between the Columbus Clippers and the Cleveland Guardians, with an initial contract term of ten years, taking us through calendar year 2030. However, this new contractual agreement gives Major League Baseball substantial control and say in our operations; and while the contract period is for ten years; there are different scenarios under which the Commissioner of Baseball can revoke one of our franchises for various penalties and for failure to adhere to rules and regulations.

In 2007, the Board of Trustees of the Clippers entered into an agreement with the Franklin County Commissioners, which stipulates that the Clippers Board shall not sell the Clippers franchise without the express consent of the Franklin County Commissioners. As such, the current valuation of the Clippers franchise is largely a moot issue since the Clippers franchise will not be placed on the market. Even so, the Clippers franchise represents a contractually encumbered multi-million dollar asset effectively owned by the people of Franklin County, Ohio. As of today, to the knowledge of the Clippers management, no exactly similar, comparable organization exists in all of professional sports in the United States.

Contact Information

Questions regarding this report and requests for additional information should be forwarded to Ashley Ramirez, Director of Finance, 330 Huntington Park Lane, Columbus, Ohio 43215.

Franklin County Stadium, Inc. dba Huntington Park
and Columbus Baseball Team, Inc. dba Columbus Clippers
(A Component Unit of Franklin County)

Combined Statement of Net Position
For the Year Ended December 31, 2023

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,785,640
Investments In Marketable Securities	8,907,604
Souvenir and Equipment Inventory	196,241
Accounts Receivable	273,975
Current Portion of Prepaid Rent Expense	3,304,000
Other Prepaid Expenses	2,220
Total Current Assets	14,469,680
Noncurrent Assets:	
Prepaid Rent Expense, Net of Current Portion	10,658,301
Cash Surrender Value of Life Insurance Policies	1,234,642
Capital Assets:	
Construction in Progress	116,155
Depreciable Capital Assets, Net of Depreciation	3,402,444
Other Non-Current Assets	17,700
Total Noncurrent Assets	15,429,242
Total Assets	$ 29,898,922
LIABILITIES	
Current Liabilities:	
Accrued Expenses	$ 6,869
Unearned Ticket Sales Revenue	1,109,202
Current Portion, Unearned Sponsorship Revenue	563,000
Compensation Agreements	24,000
Total Current Liabilities	1,703,071
Noncurrent Liabilities:	
Compensation Agreements	936,992
Unearned Sponsorship Revenue, Net of Current Portion	2,350,000
Total Noncurrent Liabilities	3,286,992
Total Liabilities	4,990,063
NET POSITION	
Investment in Capital Assets	3,518,599
Unrestricted	21,390,260
Total Net Position	$ 24,908,859

See accompanying notes to the financial statements.

Franklin County Stadium, Inc. dba Huntington Park
and Columbus Baseball Team, Inc. dba Columbus Clippers
(A Component Unit of Franklin County)

Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2023

OPERATING REVENUES	
Concessions	$ 2,996,706
Souvenirs	1,450,394
Sponsorships and Advertising	4,417,311
Special Events	245,275
Other Revenues	205,139
Ticket Sales	4,745,097
Parking	149,900
Total Operating Revenues	14,209,822
OPERATING EXPENSES	
Ball Park	5,041,331
Payroll and Related Taxes	4,505,935
Team	953,248
Souvenirs	739,122
Advertising	113,451
Special Events	56,699
Professional Services	180,333
Ticket Tax	113,964
Depreciation	278,869
Other Expenses	566,349
Total Operating Expense	12,549,301
Operating Income	1,660,521
NONOPERATING REVENUES	
Interest Income	319,412
Net Realized and Unrealized Gain/(Loss) on Marketable Securities	299,001
Total Nonoperating Revenues	618,413
Change in Net Position	2,278,934
Net Position - Beginning of Year	22,629,925
Net Position - End of Year	$ 24,908,859

See accompanying notes to the financial statements.

Franklin County Stadium, Inc. dba Huntington Park
and Columbus Baseball Team, Inc. dba Columbus Clippers
(A Component Unit of Franklin County)

Combined Statement of Cash Flows
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 13,681,011
Cash Payments to Employees	(4,481,935)
Cash Payments to Suppliers	(6,420,363)
Other Cash Payments	(294,297)
Net Cash Provided by Operating Activities	2,484,416
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Capital Acquisitions	(569,271)
Net Cash (Used in) Capital and Related Financing Activities	(569,271)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceed from the Sale of Investments in Marketable Securities	(4,305,219)
Purchase of Investments in Marketable Securities	2,000,000
Net Cash (Used in) Investing Activities	(2,305,219)
Net Increase in Cash and Cash Equivalents	(390,074)
Cash and Cash Equivalents - Beginning of Year	2,175,714
Cash and Cash Equivalents - End of Year	$ 1,785,640
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 1,660,521
Adjustments:	
Depreciation	278,869
Cash Surrender Value of Life Insurance	(70,085)
Compensation Agreement Expense	(10,505)
(Increase) Decrease in Assets:	
Accounts Receivable	(39,352)
Souvenir and Equipment Inventory	(65,805)
Prepaid Rent Expenses	1,220,512
Increase (Decrease) in Liabilities:	
Accrued Expenses	(280)
Unearned Ticket Sales Revenue	73,541
Unearned Sponsorship Revenue	(563,000)
Net Cash Provided by Operating Activities	$ 2,484,416

See accompanying notes to the basic financial statements

Note 1 – Summary of Significant Accounting Policies

Organization

Franklin County Stadium, Inc. (the "Ballpark") and the Columbus Baseball Team, Inc. (the "Team") were organized by Franklin County, Ohio (the "County") as Ohio not-for-profit corporations in accordance with Section 1702.01 of the Ohio Revised Code to manage, operate and promote a professional baseball team and such other forms of entertainment that benefit the general welfare of the County. Both corporations are directed by the Franklin County Board of Parks and Recreation (the "Board") and are component units of the County.

Principles of Combination

The accompanying combined financial statements of the Ballpark and the Team (doing business as "The Columbus Clippers" and collectively referred to as the "Organization") include the results and balances of both entities. All significant inter-company accounts and transactions have been eliminated in combination.

Basis of Accounting

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

Use of Management's 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. Accordingly, actual results may differ from those estimates.

Fund Accounting

The Organization's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The operating fund of the Organization is a proprietary fund. It is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of operating the ballpark are financed through user charges.

Revenue Recognition and Unearned Revenue

Receipts from ticket sales are deferred and recognized as revenue in the period in which the games are played. Concessions, souvenirs, parking, and special events fees are recognized as revenues as the products and services are provided to the customers. Receipts from sponsorships and advertising are deferred and recognized as revenue ratably over the sponsorship periods, which range from one to twenty years.

Cash and Cash Equivalents

For purposes of the combined statement of cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are carried at original invoice amount, less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by evaluating individual customer receivables and considering a customer's financial condition and credit history along with current economic conditions. Receivables are written off when deemed uncollectable. Recoveries of receivables previously written off are recorded as income when received.

Investments in Marketable Securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value within the combined statements of financial position. Net realized and unrealized gains and losses are to be reported within the combined statements of activities as increases or decreases in unrestricted net position, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. The Organization pools all individual cash balances and investments in marketable securities for investment purposes.

The following securities are authorized under the Organization's investment policy:

- United States Treasury notes, bills, bonds, or other obligation or security issued by the Treasury, any other obligation guaranteed as to principal and interest by the U.S., or any book entry, zero-coupon security that is a direct obligation of the United States.
- Bonds, notes, debentures, or any other obligations or securities issued directly by any federal government agency or instrumentality.
- Money market mutual funds, provided that the investments are made only through eligible institutions.
- Common stocks in publicly traded companies in an equity account managed by certified and licensed professionals.

Fair Value Measurements

The Organization's categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this framework are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2023.

> *Common Stocks, Corporate Bonds and U.S. Government Securities*: Valued at the closing price reported on the active market on which the individual securities are traded.
>
> *Mutual Funds*: Valued at the net position value ("NPV") of shares held by the Organization at year end.

Souvenir and Equipment Inventory

Inventories are stated at the lower of cost (first-in, first-out basis) or market (determined as net realizable value). The cost of inventory is expensed at the time individual inventory items are consumed.

Prepaid Rent Expense

The terms of the operating lease agreement with the County require the Organization to pay, as additional rent, a substantial portion of Huntington Park's construction and debt service requirements. These payments vary over the course of the lease term and, accordingly, rent expense is recognized on a straight-line basis. All advanced rent payments made prior to expense recognition are recorded as prepaid rent expense.

Cash Surrender Value of Life Insurance Policies

The Organization is the owner and beneficiary of life insurance policies on the lives of certain key employees aggregating $1,754,000 as of December 31, 2023. The policies had an aggregate cash surrender value of $1,234,642 as of December 31, 2023.

Capital Assets

Capital asset purchases are carried at the original cost, less accumulated depreciation. Depreciation is computed on the straight-line basis using the following estimated useful lives:

Machinery and Equipment	3 - 10 years
Leasehold Improvements	5 - 20 years

Regular maintenance and repairs are expensed as incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. The Organization maintains a capitalization threshold of $3,000. When capital assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the combined statement of revenues, expenses, and changes in net position.

Compensation Agreements

In connection with employment contracts between the Organization and certain key employees, provisions have been made for compensation agreements, which are payable upon retirement. Payments are made to the individuals or their survivors over a ten-year period commencing the first year of retirement. Compensation expense is recognized on a straight-line basis over the service period. Compensation expense related to those agreements was $37,495, for the year ended December 31, 2023. Total compensation agreement liability based on terms of the employment contracts was $960,992 as of December 31, 2023.

Net Position

Net position represents the difference between assets and liabilities on the combined statements of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used to build or acquire the capital assets. Net position is reported as restricted in the combined financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations. There was no restricted net position as of December 31, 2023.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs, net of reimbursements from sponsors, was $113,451 for the year ended December 31, 2023.

Income Taxes

The Organization is a combined component unit of the County and is exempt from Federal income tax under Section 115 of the Internal Revenue Code. Accordingly, no income tax expense is recorded in the accompanying combined financial statements.

Generally accepted accounting principles require the Organization to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying combined financial statement of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the combined statement of revenues and expenses. The Organization believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state or local tax authorities for the years ended December 31, 2015 and prior.

Note 2 – Risks and Uncertainties

Uninsured Risk – Cash Deposits

All monies are deposited into banks or investment companies designated by the governing board. Funds not needed for immediate expenditure may be deposited in interest bearing or non-interest bearing accounts, or U.S. government obligations. Security shall be furnished for all deposits, whether interest-bearing or non-interest bearing, except that no such security is required for U.S. government obligations.

The Organization maintains its cash and cash equivalent balances in financial institutions located in central Ohio.

Deposits are insured by the Federal Deposit Insurance Corporate ("FDIC") up to a coverage limit of $250,000 through December 31, 2023. As of December 31, 2023, $500,000 of the Organization's deposits were covered by FDIC insurance and $1,236,735 was exposed to custodial risk, as it was not covered by FDIC.

Market Risk – Investments in Marketable Securities

The combined financial statements include investments in equity securities, corporate bonds and mutual funds. The underlying investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the inherent level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the combined financial statements.

Note 3 – Investments

Investments consisted of the following as of December 31:

Investment Type	Measurement Value	Percentage of Portfolio	Level Input
Money Market Mutual Funds	$ 898,608	8.9%	
Equity Mutual Funds	2,844,241	28.0%	1
Bond Mutual Funds	197,114	1.9%	1
Preferred Stock	4,967,641	49.0%	2
Cash Surrender Value of Life Insurance Policies	1,234,642	12.2%	N/A
Total Investments	$ 10,142,246		

Note 4 – Capital Assets

Capital assets consisted of the following as of December 31, 2023:

	Balance at 12/31/2022	Additions	Deletions	Balance at 12/31/2023
Non-Depreciable Capital Assets:				
Construction in Progress	$ 66,287	$ 177,582	$ (127,714)	$ 116,155
Depreciable Capital Assets:				
Machinery and Equipment	3,902,052	108,367	-	4,010,419
Leasehold Improvements	3,982,984	411,036	-	4,394,020
Capital Assets, at cost	7,951,323	696,985	(127,714)	8,520,594
Less: Accumulated Depreciation	(4,723,126)	(278,869)	-	(5,001,995)
Capital Assets, Net	$ 3,228,197	$ 418,116	$ (127,714)	$ 3,518,599

Depreciation expense was $278,869 for the year ended December 31, 2023.

Note 5 – Long-Term Liabilities

Changes to Long-Term Liabilities during the year ended December 31, 2023 were as follows:

	Balance at 12/31/2022	Additions	Deletions	Balance at 12/31/2023	Current Portion
Compensation Agreements	971,497	13,495	(24,000)	960,992	24,000
Unearned Sponsorship Revenue	3,476,000	-	(563,000)	2,913,000	563,000
Total Long-Term Liabilities	$ 4,447,497	$ 13,495	$ (587,000)	$ 3,873,992	$ 587,000

Note 6 – Lease Obligations

Operating Lease

The Organization leases a ballpark ("Huntington Park") from the County under an operating lease agreement expiring in December 2033. The terms of the agreement require the Organization to pay an annual rent of $1 along with additional rent consisting of all expenses incurred in managing and operating the ballpark, and all expenses related to the Huntington Park's construction and debt service requirements. The Organization may renew the lease under similar terms upon 30 days written notice prior to the end of the lease term for two consecutive ten-year terms. Minimum annual rent payments vary between years as a result of the anticipated debt service payments. Accordingly, rent expense is recognized on a straight-line basis over the lease term.

Future rental payments for each of the next five years and in five year increments thereafter under the non-cancelable operating lease obligation as of December 31, 2023 are as follows:

Years Ended December 31,	Amount
2024	2,142,793
2025	2,139,416
2026	2,142,133
2027	2,140,386
2028	2,139,175
2029-2032	8,568,871
	$19,272,774

Total rent expense was $2,073,488 for the year ended December 31, 2023.

Note 7 – Concessions Contracts

The Organization signed a concessions contract with Levy Premium Foodservice ("Levy"), effective January 31, 2014 and was extended for another five years at the end of 2018. It was extended another year because of the lost season to COVID-19. The contract ran until the end of 2024, until the organization signed a second amendment to their Management Agreement with Levy Premium Foodservice on November 11, 2022. This second amendment extends the original contractual arrangement through December 31, 2034. This amendment was executed to extend certain terms of the partnership; to re-establish an escrow fund for the update of equipment; and to give the club some flexibility in the commission schedule while solidifying commitments made by Levy as they pertain to sponsorship payments. This agreement grants Levy the sole and exclusive rights to prepare, present, sell, vend and dispense all refreshments within and about Huntington Park. Levy made an initial investment of $750,000 and will make annual sponsorship payments of $175,000, subject to termination provisions.

The agreement grants Levy the sole and exclusive right to prepare, present, sell, vend and dispense all refreshments within and about Huntington Park. The Organization receives a percentage of Levy's concessions and catering revenue based on the terms of the agreement.

Note 8 – Player Development Contracts/Baseball Agreement

Major League Baseball did not extend the former Player Development Contract system that had been in place with the National Association of Professional Baseball Leagues since 1903. Instead, they let this former contractual agreement expire on September 30, 2020. In its place they have created a new contractual arrangement known as a "Player Development License"; and now have 120 teams signed to participate in this new endeavor (30 Triple-A teams; 30 Double-A teams; and 60 various level Class-A teams). The "PDL"s are created by MLB and then exist between the individual license holder and its Major League partner. In our case, we now have a "PDL" with the Cleveland Guardians for a ten year period through December, 2030. This new license outlines the rules and procedures under how we operate and interact with our MLB partner. The Commissioner of Baseball has been granted more authority over Minor League Baseball than in the past. While our initial agreement is ten years in duration; teams can lose their license in the future by failing to perform under the new rules and guidelines that we must operate under.

Note 9 – Subsequent Events

The Organization has evaluated subsequent events through the date of the "Independent Auditors Report," the date on which the combined financial statements were available to be issued.

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

Franklin County Stadium, Inc. dba Huntington Park and
Columbus Baseball Team, Inc. dba Columbus Clippers
Franklin County
330 Huntington Park Lane
Columbus, Ohio 43215

To the Board of Trustees:

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 combined financial statements of Franklin County Stadium, Inc. dba Huntington Park and Columbus Baseball Team, Inc. dba Columbus Clippers (collectively referred to as the “Organization”), a component unit of Franklin County, Ohio, which comprise the combined statement of net position as of December 31, 2023, and the related combined statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization’s basic financial statements, and have issued our report thereon dated April 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 Organization’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Organization'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.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

April 19, 2024

FRANKLIN COUNTY STADIUM, INC.
DBA HUNTINGTON PARK AND
COLUMBUS BASEBALL TEAM, INC. DBA COLUMBUS CLIPPERS
(A COMPONENT UNIT OF FRANKLIN COUNTY)
FRANKLIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

The prior audit report, as of December 31, 2022, included no citations, instances of noncompliance, or management letter recommendations.

OHIO AUDITOR OF STATE
KEITH FABER

COLUMBUS BASEBALL TEAM, INC.

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 5/21/2024

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