

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

(A component unit of The Ohio State University)

Consolidated Financial Statements

As of and for the Years Ended June 30, 2020 and 2019
and Report of Independent Auditors

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Directors
Campus Partners for Community Urban Redevelopment and Subsidiaries
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210

We have reviewed the *Report of Independent Auditors* of the Campus Partners for Community Urban Redevelopment and Subsidiaries, Franklin County, prepared by PricewaterhouseCoopers LLP, for the audit period July 1, 2019 through June 30, 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 Campus Partners for Community Urban Redevelopment and Subsidiaries is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2020

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**CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT
AND SUBSIDIARIES
(A COMPONENT UNIT OF THE OHIO STATE UNIVERSITY)**

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Report of Independent Auditors

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

We have audited the accompanying consolidated financial statements of Campus Partners for Community Urban Redevelopment and Subsidiaries (“Campus Partners”), a component unit of The Ohio State University, which comprise the consolidated statements of net position as of June 30, 2020 and 2019, and the related consolidated statements of revenues, expenses, and other changes in net position and of cash flows for the years then ended, and the related notes to the consolidated financial statements, which collectively comprise Campus Partners’ basic consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to Campus Partners’ preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Campus Partners’ internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Campus Partners for Community Urban Redevelopment and Subsidiaries as of June 30, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

The accompanying management’s discussion and analysis on pages 3 through 11 is required by accounting principles generally accepted in the United States of America to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020 on our consideration of Campus Partners’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended June 30, 2020. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Campus Partners’ internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

November 10, 2020

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2020

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of Campus Partners for Community Urban Redevelopment and Subsidiaries ("Campus Partners") for the year ended June 30, 2020, with comparative information for the years ended June 30, 2019 and June 30, 2018. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About Campus Partners

Campus Partners is a component unit of The Ohio State University ("the university") and directs the revitalization of the area immediately adjacent to the university's main campus in Columbus, Ohio. The organization was incorporated on January 12, 1995 and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Campus Partners is governed by a seven-member board.

The consolidated financial statements include component units -- legally separate organizations for which Campus Partners is financially accountable -- as defined under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus*. Campus Partners' component units and the reasons for their inclusion in the financial statements are described below:

- **South Campus Gateway, LLC** – Campus Partners is the single member of this LLC, which has general property management responsibilities for the retail and office space in the Gateway development.
- **Campus Partners for Affordable Housing, LLC** – Campus Partners is the single member of this LLC, which operates Campus Partners and participates in revitalization initiatives in the Weinland Park neighborhood.
- **The Gateway Theatre LLC** – Campus Partners is the single member of this LLC, which operates the Gateway Film Center.
- **Redstone Realty, LLC** – Campus Partners is the single member of this LLC, which was created to participate in redevelopment activities adjacent to the university's Columbus campus.
- **Medstone Realty, LLC** – Campus Partners is the single member of this LLC, which was created to facilitate development of medical facilities for the OSU Wexner Medical Center.

The governing body of these component units is substantively the same as the governing body of the primary government, there are financial benefit and burden relationships between the primary government and the component units and management of the primary government has operational responsibility for the component units. Therefore, the transactions and balances for these organizations have been blended with those of Campus Partners.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2020

About the Financial Statements

Campus Partners presents its financial statements in a "business type activity" format, in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial statements include a Consolidated Statement of Net Position, a Consolidated Statement of Revenues, Expenses and Other Changes in Net Position, a Consolidated Statement of Cash Flows and Notes to the Financial Statements.

The **Consolidated Statement of Net Position** is Campus Partners' balance sheet. It reflects the total assets, liabilities and net position (equity) of Campus Partners as of June 30, 2020, with comparative information as of June 30, 2019. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Capital assets -- which consist primarily of the Gateway retail space on North High Street, 1800 Zollinger, an outpatient medical facility leased to the Wexner Medical Center, related tenant improvements, properties held for redevelopment and construction in progress -- are shown net of accumulated depreciation. Net position is grouped in the following categories:

- Net investment in capital assets
- Unrestricted

The **Consolidated Statement of Revenues, Expenses and Other Changes in Net Position** is Campus Partners' income statement. It details how net position has increased (or decreased) during the year ended June 30, 2020, with comparative information for the year ended June 30, 2019, and includes required subtotals for net operating income (loss) and net income (loss) before capital contributions. Rental income, recovery of operating expenses and other revenues arising from exchange transactions are shown as operating revenues.

The **Consolidated Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2020, with comparative information for the year ended June 30, 2019. It breaks out the sources and uses of Campus Partners' cash and restricted cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

The **Notes to the Consolidated Financial Statements**, which follow the financial statements, provide additional details on the numbers in the financial statements, including condensed combining financial statements for Campus Partners' blended component units.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2020

Financial Highlights

As widely reported, the outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019, and has spread across six continents impacting many countries, including the United States. In response to the public health crisis, the Governor of Ohio and the Director of the Ohio Department of Health took certain actions to limit the spread of the virus and its impact on the State's local communities and health care services, including the declaration of a state of emergency in the State and the closure of all non-essential businesses commencing on March 23, 2020. On May 1, 2020, the State began a phased-in process of reopening certain businesses.

The COVID-19 pandemic significantly impacted Campus Partners' business. In response to the risks associated with the coronavirus and government mandates, some tenants at South Campus Gateway temporarily reduced staffing, limited customer access, and in some cases closed their businesses entirely. In addition to the direct impacts of COVID-19 on operations, most retailers saw significant declines in customer traffic as the university shifted to virtual instruction and many students left the campus area. During these times of disruption, many tenants engaged South Gateway seeking relief in the form of abatements or deferrals of rent payments. South Campus Gateway has negotiated modifications to lease agreements with most of these tenants to help them through the pandemic.

COVID-19 has also impacted the 15th + High redevelopment project. Campus Partners' affiliate, Redstone LLC, was in the construction phase of four projects, Building A, Building B1, the WOSU Building and Infrastructure. In response to the COVID-19 outbreak, the university evaluated all capital projects to determine how spending on existing projects could be deferred to ensure adequate financial flexibility until the total impact of the pandemic on revenue sources becomes clear. One outcome of this assessment was a decision by the university to pause funding the loans associated with the Building B1 project. As a result, construction of Building B1 has been paused.

For Fiscal Year 2020, total net position for Campus Partners decreased \$1.3 million, reflecting declines in Gateway Theatre and other operating revenues. Work continued throughout 2020 on the 15th + High redevelopment project. Project expenditures totaled \$36.0 million and were funded by \$19.7 million in loans from the university and \$13.9 million in rent prepayments from WOSU. Campus Partners cash increased \$5.1 million, to \$8.5 million at June 30, 2020.

The following sections provide additional details on Campus Partners' Fiscal Year 2020 financial results and a look ahead at significant economic conditions that are expected to affect the organization in the future.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Summary Statement of Net Position

Summary Statement of Net Position			
	2020	2019	2018
Cash and restricted cash	\$ 8,463,719	\$ 3,395,063	\$ 2,442,953
Accounts, grants and notes receivable	2,538,685	4,475,213	1,651,157
Inventory and prepaid expenses	84,032	125,158	104,619
Total current assets	<u>11,086,436</u>	<u>7,995,434</u>	<u>4,198,729</u>
Notes receivable	800,000	2,460,953	2,548,000
Money held in escrow	-	-	750,000
Capital assets, net	139,605,472	105,504,872	94,086,354
Unamortized leasing costs, net	654,432	651,157	514,597
Total noncurrent assets	<u>141,059,904</u>	<u>108,616,982</u>	<u>97,898,951</u>
Total assets	<u>\$ 152,146,340</u>	<u>\$ 116,612,416</u>	<u>\$ 102,097,680</u>
Accounts payable and accrued expenses	\$ 10,642,699	\$ 3,998,550	\$ 3,035,832
Loans payable to university -- current portion	1,293,595	1,293,595	1,293,595
Advance from university	-	-	899,761
Unearned income -- current portion	1,470,145	1,325,326	1,283,191
Other current liabilities	108,684	200,897	211,881
Total current liabilities	<u>13,515,123</u>	<u>6,818,368</u>	<u>6,724,260</u>
Loans payable to university	107,737,421	89,308,458	79,547,053
Other loans payable	507,200	1,660,954	3,398,000
Unearned income -- noncurrent portion	37,440,076	24,604,108	22,929,828
Total noncurrent liabilities	<u>145,684,697</u>	<u>115,573,520</u>	<u>105,874,881</u>
Total liabilities	<u>159,199,820</u>	<u>122,391,888</u>	<u>112,599,141</u>
Net investment in capital assets	23,092,208	12,993,476	9,454,078
Unrestricted	<u>(30,145,688)</u>	<u>(18,772,948)</u>	<u>(19,955,539)</u>
Total net position	<u>(7,053,480)</u>	<u>(5,779,472)</u>	<u>(10,501,461)</u>
Total liabilities and net position	<u>\$ 152,146,340</u>	<u>\$ 116,612,416</u>	<u>\$ 102,097,680</u>

Total Campus Partners **cash and restricted cash** increased \$5.1 million, to \$8.5 million at June 30, 2020, primarily due to university loans and prepaid rent from WOSU, most of which was offset by spending on the 15th & High redevelopment project. Amounts shown as restricted cash consist of tenant security deposits, which are released from restriction upon expiration of the tenant leases. The Consolidated Statement of Cash Flows, which is discussed in more detail below, provides additional information on sources and uses of Campus Partners' cash and restricted cash.

Accounts receivable, net of allowances -- which consist primarily of straight-line rent receivables, accounts receivable from tenants at South Campus Gateway, and accounts

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED FOR THE YEAR ENDED JUNE 30, 2020

receivable from Gateway Film Center customers -- increased \$151,000, to \$2.5 million at June 30, 2020, reflecting increases in accounts receivable from tenants at Medstone and South Campus Gateway. Due to the economic uncertainties brought about by the pandemic and the impact to Campus Partners' tenants, Campus Partners reserved a greater amount of allowances in FY2020. The total reserve for bad debt increased by \$205,000. The reserve was \$429,000 and \$224,000 at June 30, 2020 and 2019, respectively.

As part of the 15th & High redevelopment project, the City of Columbus agreed to reimburse Campus Partners up to \$2 million for sewer and roadway improvements. These improvements were completed in 2019, resulting in a \$2 million **grant receivable** at June 30, 2019. The payment of this grant was made in July 2019, reducing the balance to \$0 at June 30, 2020.

Notes receivable, consisted of two notes receivable from property development companies. During Fiscal Year 2020, one of these notes was repaid, reducing the balance by \$1.7 million.

Capital assets, net of accumulated depreciation, increased \$34.1 million, to \$139.6 million at June 30, 2020. Capital additions for the 15th & High redevelopment project totaled \$35.9 million in 2020. Campus Partners' estimated future capital commitments, based on contracts and purchase orders, total approximately \$57.3 million at June 30, 2020.

Accounts payable and accrued expenses increased \$6.6 million, to \$10.6 million at June 30, 2020. Outstanding invoices related to capital expenditures were up \$6 million. In addition, accruals for real estate taxes were up \$769,000 due to the Franklin County Treasurer's extension of property tax due dates from June 20th to August 5th.

Unearned income increased \$13.0 million, to \$38.9 million at June 30, 2020, due to \$13.9 million of prepaid rent received from WOSU Public Media for the lease of the new WOSU building at 14th Avenue and Pearl. The increase was partially offset by the recognition of rental income for the OSU Wexner Medical Center facility at 1800 Zollinger Road. The total prepaid rent for the medical facility will be recognized as rental income over the 25-year term of the lease.

Loans payable to the university increased \$18.4 million, to \$109.0 million at June 30, 2020. The increase reflects loan draws related to the 15th & High Redevelopment project, which totaled \$19.7 million in 2020. These loan draws were partially offset by \$1.3 million in principal payments on the OSU Retail loan. The retail loan was converted to a principal only loan starting in 2018.

Other loans payable decreased \$1.2 million, to \$507,000 at June 30, 2020. The decrease was due to the repayment of a loan to a third party developer of \$1.7 million. The decrease was offset partially by new loans of \$507,000 received by The Gateway Film Center.

Total net position decreased by \$1.3 million, to negative \$7.1 million at June 30, 2020. The change was principally due to net operating losses recognized during Fiscal Year 2020.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2020

Statement of Revenues, Expenses and Other Changes in Net Position

Summary Statement of Revenues, Expenses and Other Changes in Net Position			
	2020	2019	2018
Operating Revenues:			
Rental income	\$ 4,957,333	\$ 4,660,039	\$ 5,210,865
Recovery of operating expenses	2,505,198	2,692,828	2,341,641
Gateway theatre sales, net	1,839,856	2,588,146	3,295,341
Other operating income	<u>209,581</u>	<u>915,630</u>	<u>423,940</u>
Total operating revenues	9,511,968	10,856,643	11,271,787
Operating Expenses:			
Property operating and maintenance	2,153,577	2,156,128	2,369,079
Real estate taxes	1,668,921	2,115,971	1,302,281
Professional services	1,772,379	1,317,691	1,048,386
Salaries and wages	1,276,690	1,581,505	1,422,729
Gateway theatre film, food and beverage	871,718	1,125,048	1,475,130
Selling, general and administrative	711,460	685,260	706,216
Depreciation and amortization	<u>3,028,464</u>	<u>3,091,442</u>	<u>3,247,317</u>
Total operating expenses	11,483,209	12,073,045	11,571,138
Net operating loss	(1,971,241)	(1,216,402)	(299,351)
Non-operating revenues (expenses):			
Grants and contributions from university	-	-	1,856,620
Grants and contributions	358,192	540,338	-
Interest expense	(78,238)	(137,975)	(169,007)
Other non-operating revenue (expense)	<u>417,279</u>	<u>286,028</u>	<u>39,737</u>
Net non-operating revenue (expense)	697,233	688,391	1,727,350
Income (loss) before other changes in net position	(1,274,008)	(528,011)	1,427,999
Other changes in net position:			
Forgiveness of debt	-	2,000,000	-
Capital grant income	<u>-</u>	<u>3,250,000</u>	<u>-</u>
Increase (decrease) in net position	(1,274,008)	4,721,989	1,427,999
Net position -- beginning of year	<u>(5,779,472)</u>	<u>(10,501,461)</u>	<u>(11,929,460)</u>
Net position -- end of year	<u>\$ (7,053,480)</u>	<u>\$ (5,779,472)</u>	<u>\$ (10,501,461)</u>

Rental income -- which includes income from leases at South Campus Gateway as well as other properties held by Medstone and Redstone -- increased \$297,000, to \$5.0 million in Fiscal Year 2020. The increase relates primarily to an increase in rental income at South Campus Gateway due to new tenants filling previously vacant spaces.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2020

Recovery of operating expenses decreased \$188,000, to \$2.5 million in Fiscal Year 2020. The decline was due to agreements with many tenants at South Campus Gateway to waive recovery of operating expenses for April, May and June. These agreements were entered to help tenants deal with the impacts of Covid-19. Sales of tickets, food and beverages at the **Gateway Theatre**, decreased \$748,000, to \$1.8 million in Fiscal Year 2020 due to the Gateway Theatre being closed the final three and a half months of the current year due to Covid-19.

Other operating income, which includes Tax Increment Financing (TIF) income, lease termination fees and other miscellaneous income, decreased \$706,000, to \$210,000 in Fiscal Year 2020. The decrease relates primarily to income from the 15th & High TIF. During Fiscal Year 2019, Campus Partners received TIF income totaling \$588,000 for 2015-2019. During Fiscal Year 2020, Campus Partners received TIF income totaling \$192,000 for 2020.

Property operating and maintenance expenses decreased \$3,000, to \$2.2 million in Fiscal Year 2020. **Real estate taxes** decreased \$447,000, to \$1.7 million in Fiscal Year 2020, reflecting a decrease in real estate taxes paid by Redstone. The real estate taxes at Redstone declined due to the demolition of buildings at 15th & High in prior years, reducing the taxable value of the properties. **Professional services** expenses increased by \$455,000 to \$1.8 million in Fiscal Year 2020, due to spending on professional fees related to the 15th & High development.

Salaries and wages decreased by \$305,000, to \$1.3 million in Fiscal Year 2020. The decrease was due to the Gateway Theatre being closed for the final three and a half months of the current year due to Covid-19.

Gateway theatre film, food and beverage expenses decreased by \$253,000 to \$872,000 in Fiscal Year 2020. The decrease was due to the Gateway Theatre being closed for the final three and a half months of the current year.

Depreciation and amortization expense decreased \$63,000, to \$3.0 million in Fiscal Year 2020, primarily due properties being demolished or sold in Fiscal Year 2019 and no longer being depreciated.

In 2019, Campus Partners recognized other changes in net position totaling \$5.3 million. Under the amended cooperation agreement with Edwards, Campus Partners recognized **forgiveness of debt** of \$2 million and a \$1.3 million **capital grant** to fund infrastructure improvements at 15th & High. In addition, the City of Columbus provided a \$2 million capital grant for sewer and roadway improvements.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2020

Statement of Cash Flows

Summary Statement of Cash Flows			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net cash provided (used) by operating activities	\$ 15,079,364	\$ 3,114,875	\$ (179,782)
Net cash provided (used) by non-capital financing activities	487,156	44,940	1,970,112
Proceeds from notes payable and university loans	19,722,557	11,405,000	6,643,664
Proceeds from sale of capital assets	298,674	570,676	33,965
Proceeds from capital grants	2,000,000	1,250,000	
Repayment of grant from university	-	-	-
Payment into Escrow	-	-	(750,000)
Payments for purchase or construction of capital assets	(31,387,070)	(13,402,080)	(11,209,507)
Principal and interest payments on university loans	(1,293,595)	(1,293,595)	(1,293,595)
Repayment of advance from university	-	(466,179)	-
Deferred leasing costs	(160,596)	(307,564)	(158,039)
Net cash provided by investing activities	<u>322,166</u>	<u>36,037</u>	<u>37,124</u>
Net increase (decrease) in cash	<u>\$ 5,068,656</u>	<u>\$ 952,110</u>	<u>\$ (4,906,058)</u>

Net cash provided by operating activities increased \$12.0 million in Fiscal Year 2020. The increase was due primarily to \$13.9 million received from WOSU for prepaid rent. Campus Partners also had a \$1.5 million reduction in payments to vendors in 2020.

Net cash provided by noncapital financing activities increased \$442,000 in Fiscal Year 2020, due to loans received by the Gateway Theatre.

Net cash used by capital financing activities decreased \$8.6 million in 2020, primarily due to a \$31.4 million in spending on the purchase of capital assets, almost entirely for the 15th & High redevelopment project. The spending was offset by proceeds from university loans of \$19.7 million and a \$2.0 million grant from the City of Columbus, all for the 15th & High redevelopment project.

Economic Factors That Will Affect the Future

South Campus Gateway is responsible for about 61% of the revenue at Campus Partners. The revenue at South Campus Gateway is reliant on the rental income of its tenants. Prior to COVID-19, public interest in the campus area, and specifically in the area near South Campus Gateway, was strong. As a result of COVID-19, Campus Partners has negotiated with many of

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020**

its tenants to defer rent payments for a short period of time in order to help the tenants manage through the severe disruptions to their businesses. As of June 30, 2020, 83% of tenants have reopened for business and have resumed paying normal rent.

Redstone incurred an additional \$19.7 million in debt for the 15th & High redevelopment project in the current year, bringing the total debt related to the 15th & High project to \$109.0 million as of June 30, 2020. The debt is split between three projects on the site: Infrastructure, Building A and Building B1. The debt for the Infrastructure project is expected to be repaid with proceeds from the High Street TIF. The debt for the buildings is expected to be repaid using future rental income from university and retail tenants. Construction continues on the site infrastructure project. Building A is expected to be completed in March 2021. As noted previously, construction of Building B1 has been paused.

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)
CONSOLIDATED STATEMENTS OF NET POSITION
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 8,339,390	\$ 3,281,428
Restricted Cash	124,329	113,635
Accounts receivable - net of allowances for doubtful accounts of \$429,082 and \$224,489	2,538,685	2,387,954
Grants receivable	-	2,000,000
Notes receivable - current portion	-	87,259
Inventory and prepaid expenses	84,032	125,158
Total Current Assets	<u>11,086,436</u>	<u>7,995,434</u>
Noncurrent Assets:		
Notes receivable	800,000	2,460,953
Capital assets, net	139,605,472	105,504,872
Unamortized leasing costs, net	654,432	651,157
Total Noncurrent Assets	<u>141,059,904</u>	<u>108,616,982</u>
Total Assets	<u>\$ 152,146,340</u>	<u>\$ 116,612,416</u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 8,168,304	\$ 1,956,711
Accrued expenses	2,474,395	2,041,839
Loans payable to university -- current portion	1,293,595	1,293,595
Loans payable -- current portion	-	87,259
Unearned income - current portion	1,470,145	1,325,326
Rent and construction deposits	108,684	113,638
Total Current Liabilities	<u>13,515,123</u>	<u>6,818,368</u>
Noncurrent Liabilities:		
Loans payable to university	107,737,421	89,308,458
Loans payable	507,200	1,660,954
Unearned income - noncurrent portion	37,440,076	24,604,108
Total Noncurrent Liabilities	<u>145,684,697</u>	<u>115,573,520</u>
Total Liabilities	<u>159,199,820</u>	<u>122,391,888</u>
Net Position:		
Net investment in capital assets	23,092,208	12,993,476
Unrestricted	(30,145,688)	(18,772,948)
Total Net Position	<u>(7,053,480)</u>	<u>(5,779,472)</u>
Total Liabilities and Net Position	<u>\$ 152,146,340</u>	<u>\$ 116,612,416</u>

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

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND OTHER CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Operating Revenues		
Rental income	\$ 4,957,333	\$ 4,660,039
Recovery of operating expenses	2,505,198	2,692,828
Gateway theatre sales	1,839,856	2,588,146
Other operating income	209,581	915,630
Total Operating Revenues	<u>9,511,968</u>	<u>10,856,643</u>
Operating Expenses		
Property operating and maintenance	2,153,577	2,156,128
Real estate taxes	1,668,921	2,115,971
Professional services	1,772,379	1,317,691
Salaries and wages	1,276,690	1,581,505
Gateway theatre film, food and beverage	871,718	1,125,048
Selling, general and administrative	711,460	685,260
Depreciation and amortization	3,028,464	3,091,442
Total Operating Expenses	<u>11,483,209</u>	<u>12,073,045</u>
Net Operating Loss	<u>(1,971,241)</u>	<u>(1,216,402)</u>
Non-Operating Revenues (Expenses):		
Interest income	174,675	221,727
Gain on sale of assets	298,674	99,445
Non-capital grant income	358,192	540,338
Non-capital grant expense	(56,070)	(35,144)
Interest expense	(78,238)	(137,975)
Total Non-Operating Revenue	<u>697,233</u>	<u>688,391</u>
Loss before other changes in net position	<u>(1,274,008)</u>	<u>(528,011)</u>
Other changes in net position:		
Forgiveness of debt	-	2,000,000
Capital grant income	-	3,250,000
Increase (decrease) in net position	(1,274,008)	4,721,989
Net Position - Beginning of Year	<u>(5,779,472)</u>	<u>(10,501,461)</u>
Net Position - End of Year	<u>\$ (7,053,480)</u>	<u>\$ (5,779,472)</u>

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

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities:		
Receipts from tenants	\$ 20,318,896	\$ 9,376,700
Receipts from Gateway theatre	1,859,620	2,556,390
Payments to employees	(1,310,064)	(1,581,648)
Payments to vendors for supplies and services	(5,789,089)	(7,236,567)
Net cash provided by operating activities	<u>15,079,363</u>	<u>3,114,875</u>
Cash Flows from Noncapital Financing Activities:		
Principal payments on non-capital notes payable	(1,748,213)	(85,750)
Cash received on non-capital notes receivable	1,748,213	85,750
Cash received on non-capital notes payable	507,200	-
Interest payments on non-capital notes payable	(322,166)	(36,040)
Cash received non-capital grants	358,192	116,124
Cash paid non-capital grants	(56,070)	(35,144)
Net cash provided by noncapital financing activities	<u>487,156</u>	<u>44,940</u>
Cash Flows from Capital Financing Activities:		
Proceeds from university loans	19,722,557	11,055,000
Proceeds from notes payable	-	350,000
Cash received capital grants	2,000,000	1,250,000
Principal payments on university loans	(1,293,595)	(1,293,595)
Payments for purchase or construction of capital assets	(31,387,069)	(13,402,080)
Proceeds from sale of capital assets	298,674	570,676
Repayment of advance from university	-	(466,179)
Deferred leasing costs	(160,596)	(307,564)
Net cash used by capital financing activities	<u>(10,820,029)</u>	<u>(2,243,742)</u>
Cash Flows from Investing Activities:		
Interest income	322,167	36,037
Net cash provided by investing activities	<u>322,167</u>	<u>36,037</u>
Net Increase in Cash and restricted cash	5,068,656	952,110
Cash and restricted cash - Beginning of Year	<u>3,395,063</u>	<u>2,442,953</u>
Cash and restricted cash - End of Year	<u>\$ 8,463,719</u>	<u>\$ 3,395,063</u>
<i>The accompanying notes are an integral part of these consolidated financial statements.</i>		

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Reconciliation of Net Operating Loss to Cash Provided by Operations:		
Net operating loss	\$ (1,971,241)	\$ (1,216,402)
Adjustments to reconcile net operating loss to cash provided by operations:		
Depreciation and amortization expense	3,028,464	3,091,442
Bad debt expense	204,592	3,806
Changes in assets and liabilities:		
Accounts receivable	(513,878)	(631,497)
Inventory and prepaid expenses	41,126	(20,538)
Accounts payable	264,187	(119,426)
Accrued expenses	1,050,278	303,354
Rent and construction deposits	(4,952)	(12,279)
Unearned income	12,980,787	1,716,415
Net cash provided by operating activities	<u>\$ 15,079,363</u>	<u>\$ 3,114,875</u>
Non Cash Transactions:		
Construction in Process in Accounts Payable and Accrued Expenses	\$ 7,482,247	\$ 1,909,341
Forgiveness of Debt	\$ -	\$ 2,000,000
<i>The accompanying notes are an integral part of these consolidated financial statements.</i>		

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

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

Organization

Campus Partners for Community Urban Redevelopment and Subsidiaries (“Campus Partners”) is a component unit of The Ohio State University (the “university”). The financial activity of Campus Partners is discretely presented in the consolidated financial statements of the university. The cost of the operations of Campus Partners is funded primarily by rental operations and subsidies from the university, whereby Campus Partners directs the revitalization of the area immediately adjacent to the university’s main campus in Columbus, Ohio. Campus Partners was incorporated on January 12, 1995.

Basis of Presentation

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

- Appointment of a voting majority of an organization’s governing authority and the ability of the primary government (i.e. Campus Partners) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;
- An organization is fiscally dependent on the primary government and provides specific financial benefits to, or imposes specific financial burdens on, the primary government.

Campus Partners’ component units and the reasons for their inclusion in the financial statement are described below:

- **South Campus Gateway, LLC** – Campus Partners is the single member of this LLC, which has general property management responsibilities for the retail and office space in the Gateway development.
- **Campus Partners for Affordable Housing, LLC** – Campus Partners is the single member of this LLC, which operates Campus Partners and participates in revitalization initiatives in the Weinland Park neighborhood.
- **The Gateway Theatre LLC** – Campus Partners is the single member of this LLC, which operates the Gateway Film Center.
- **Redstone Realty, LLC** – Campus Partners is the single member of this LLC, which was created to participate in redevelopment activities adjacent to the university’s Columbus campus.
- **Medstone Realty, LLC** – Campus Partners is the single member of this LLC, which was created to facilitate development of medical facilities for the OSU Wexner Medical Center.

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(A component unit of The Ohio State University)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

The governing body of these component units is substantively the same as the governing body of the primary government, there are financial benefit and burden relationships between the primary government and the component units and management of the primary government has operational responsibility for the component units. Therefore, the transactions and balances for these organizations have been blended with those of Campus Partners. Summary financial statement information for Campus Partners' blended component units is provided in Note 6.

Basis of Accounting

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. Campus Partners is reporting as a special purpose government engaged in business type activities (BTA) on the accrual basis. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

Campus Partners' financial resources are classified for accounting and reporting purposes into the following net position categories:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation, outstanding principal balances of debt, and accounts payable attributable to the acquisition, construction or improvement of those assets.
- **Unrestricted:** Amounts which are not subject to externally-imposed stipulations.

Cash

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

At June 30, 2020, the carrying amount of Campus Partners' cash and restricted cash is \$8,463,719 as compared to bank balances of \$8,565,373. The differences in carrying amount and bank balances are caused by outstanding checks, deposits in transit and petty cash. Of the bank balances, \$1,000,897 is covered by federal deposit insurance and \$7,564,476 is uncollateralized as defined by the GASB. However, to mitigate any risk of loss, Campus Partners maintains its cash in three large financial institutions; consequently, management believes it is not exposed to any specific concentration of credit risk in relation to cash.

At June 30, 2019, the carrying amount of Campus Partners' cash and restricted cash is \$3,395,063 as compared to bank balances of \$3,569,262. The differences in carrying amount and bank balances are caused by outstanding checks, deposits in transit and petty cash. Of the bank balances, \$826,493 is covered by federal deposit insurance and \$2,742,769 is uncollateralized as defined by the GASB.

Restricted Cash

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

Accounts Receivable, Net of Allowances

Accounts receivable consists of straight-line rent receivables, trade receivables, interest receivable and tenant expense recovery receivables. Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. Gross receivables are reduced by the estimated portion deemed uncollectible. This estimate is based on collection history, industry trends, and current information regarding creditworthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, recovery income is recognized for the amount collected.

Campus Partners, as a lessor, has retained substantially all of the risks and benefits of ownership and accounts for its leases as operating leases. Certain tenant leases provide for increases in minimum rental payments and for occupancy in periods where no rent is due. Campus Partners recognizes such rental revenue monthly on a straight-line basis over the contractual term of the leases. The expected straight-line rental income in excess of rents currently due under such lease agreements is recorded as an unbilled rent receivable. These receivables totaled \$614,386 and \$218,004 at June 30, 2020 and 2019, respectively. Certain operating leases contain contingent rent provisions under which tenants are required to pay, as additional rent, a percentage of their sales in excess of a specified amount. Campus Partners defers recognition of contingent rental revenue until those specified sales targets are met and notification is received from the tenant.

The accounts receivable balances include accrued interest of \$785,216 and \$943,770 at June 30, 2020 and 2019, respectively. These amounts relate primarily to interest on one note receivable. Management does not believe the related interest receivable will be fully collected and has reserved allowances for bad debt of \$185,083 at June 30, 2020 and 2019.

Notes Receivable

Loans are stated in the amount of unpaid principal, reduced by unearned loan fees and the allowance for loan losses when management believes the collectability of the principal is unlikely.

Capital Assets

Capital assets are recorded at cost on the date of acquisition and are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

Type of Asset	Estimated Useful Life
Improvements other than buildings	2.5 to 10 years
Buildings and fixed equipment	27.5 to 39 years
Moveable equipment, furniture and software	3 to 10 years

Certain operating leases contain tenant improvement allowances under which Campus Partners contributes money towards the construction of leasehold improvements within the tenant's demised space. Typically, the operating lease requires the tenant to use the allowance to construct real property which is retained by Campus Partners at the end of the tenant's contractual lease term. Tenant improvements are depreciated over the lesser of the estimated

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life of the improvement or the life of the lease. Interest is capitalized during the development period and amortized over the estimated life of the building, once construction is complete.

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

Unamortized Leasing Costs

Unamortized leasing costs consist principally of lease origination costs. Lease origination costs consist of commissions paid to third parties and other direct costs related to leasing activities. These costs are amortized on a straight-line basis over the terms of the respective lease agreement. Unamortized leasing costs, net totaled \$654,432 and \$651,157 at June 30, 2020 and 2019, respectively.

Unearned Income

Unearned income primarily consists of advance payments for an outpatient medical facility operated by the OSU Wexner Medical Center and a building for WOSU Public Media that is under construction. The advance payments from the OSU Wexner Medical Center are being recognized as rental income over the 25-year term of the lease, which includes a 5-year bargain renewal option. The advance payments for the WOSU building will be recognized as rental income over the 30-year term of the lease.

Rent and Construction Deposits

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

Operating Revenues and Revenue Recognition

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

Income Taxes

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

Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the reported period. The most significant estimates and assumptions relate to the

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valuation of capital assets, including the assessment of impairments and depreciable lives, and the collectability of accounts and notes receivable. Actual results could differ from those estimates.

Newly Issued Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This standard establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria are required to present these activities in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less. This standard is effective for periods beginning after December 15, 2019 (FY2021).

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard requires that interest cost incurred during the period of construction be recognized as an expense in the period in which the cost is incurred. These costs will no longer be included in the historical costs of capital assets. The standard is effective for periods beginning after December 15, 2020 (FY2022) and will be applied on a prospective basis.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. This standard establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The standard is effective for periods beginning after December 15, 2019 (FY2021).

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

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In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement - which is intended to provide temporary relief to governments in light of the COVID-19 pandemic - extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of this Statement are effective immediately.

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

The effective dates of the accounting pronouncements listed above have been updated in accordance with Statement No. 95. Campus Partners management is currently assessing the impact that implementation of GASB Statements No. 84, 87, 89, 90, 94, and 96 will have on the Campus Partners' financial statements.

NOTE 2 – CAPITAL ASSETS

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

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

Capital asset activity for the year ended June 30, 2019 is summarized as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	\$ 23,640,057	\$ 3,740,405	\$ 33,500	\$ 27,346,962
Construction in progress	13,659,146	10,375,250	271,228	23,763,168
Total non-depreciable assets	37,299,203	14,115,655	304,728	51,110,130
Capital assets being depreciated:				
Improvements other than buildings	8,823,598	632,146	591,071	8,864,673
Buildings and fixed equipment	67,219,152	-	585,659	66,633,493
Moveable equipment, furniture and software	1,999,864	354,628	80,430	2,274,062
Total	78,042,614	986,774	1,257,160	77,772,228
Less: Accumulated depreciation	21,255,463	2,914,672	792,649	23,377,486
Total depreciable assets, net	56,787,151	(1,927,898)	464,511	54,394,742
Capital assets, net	\$ 94,086,354	\$ 12,187,757	\$ 769,239	\$ 105,504,872

NOTE 3 – OPERATING LEASES FOR RETAIL

Rental property is being leased to parties under various operating lease agreements for lease terms ranging from 1 to 20 years. Annual future minimum rents due to be received under non-cancellable operating leases in effect at June 30, 2020 are as follows:

<u>Years Ending June 30</u>	
2021	20,066,983
2022	3,366,325
2023	2,927,661
2024	2,811,152
2025	2,507,021
2026-2030	4,393,034
2031-2035	57,575
Total	<u>\$ 36,129,751</u>

NOTE 4 – LONG-TERM DEBT

University Loans:

The university has issued loans to Campus Partners through Memorandums of Understanding ("MOUs") which document the principal, interest charges and repayment terms as well as any other conditions or covenants. The Columbus Foundation, The Small Business Administration and Columbus Finance Fund issued loans to Campus Partners with the terms defined in the promissory notes.

In October 2013, Campus Partners entered into the Retail Note with the university, the proceeds of which were used to fund property acquisitions in the South Campus Gateway. Under the terms of the original Retail Note, total principal was \$39,611,154, the note bears interest at 4.5% per annum, and the note has a ten year term, with a final balloon principal payment due in April

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2023. Campus Partners and the university agreed to amend the Retail Note in October 2014, October 2015 and again in March 2017. Under the terms of the March 2017 amended Retail Note, beginning in July 2017 Campus Partners will make principal only payments of \$1,293,595 per annum and the note will not bear interest. The term of note will be 30 years, maturing in June 2047. The total outstanding principal balance at June 30, 2020 was \$34,927,061.

In August 2013, Campus Partners entered into the Real Estate Note with the university, the proceeds of which were used to fund multiple property acquisitions in the campus area. Under the terms of the Real Estate Note, total principal was \$19,866,144, and the note does not bear any contractual interest. Campus Partners is required to make payments on the note when the properties associated with the note are sold or leased. Any net proceeds from a sale or lease of the associated properties is required to first be used to repay the note. In May 2016, the university forgave \$3,789,200 of the Real Estate note for losses on related property sales and exchanges. The total outstanding principal balance at June 30, 2020 was \$13,022,746.

In December 2014, Campus Partners entered into the Real Estate IV Note with the university. Subsequently, from February 2015 through December 2016, Campus Partners and the university have entered into 19 MOUs as addendums to the Real Estate IV Note, whereby Campus Partners has borrowed a total of \$21,363,651 from the university. Campus Partners utilized the proceeds from each individual borrowing to finance a property acquisition and related acquisition expenses. As with the Real Estate Note, the repayment terms of the Real Estate IV Note are linked to the subsequent sale or lease of the properties acquired with the note proceeds. Any net proceeds from a sale or lease of the associated properties is required to first be used to repay the note. The Real Estate IV Note does not bear any contractual interest. The total outstanding principal balance at June 30, 2020 was \$21,363,651.

In April 2014, Campus Partners entered into a note with the Columbus Foundation. The proceeds of which were used to help fund housing improvements on 11th Avenue in the University District. Under the terms of the note, the original principal was \$2,000,000, and bears interest at 2% per annum. This note was repaid during the current year. The total outstanding principal balance at June 30, 2020 was \$0.

In February 2016, the university entered into a Memorandum of Understanding to issue loans not to exceed \$30,000,000 to Campus Partners to finance the redevelopment of properties adjacent to the university's main campus at 15th Ave and High Street. Through June 30, 2020, Campus Partners has made draws totaling \$17,950,000. The loan does not bear interest and repayment terms have not been set. The total outstanding principal balance at June 30, 2020 was \$17,950,000.

During 2019, the university entered into three Memorandum of Understandings to issue debt to Campus Partners for the 15th & High Development. The total of the loans from these three Memorandum of Understanding as of June 30, 2020 is \$6,795,000. The loans do not bear interest and repayment terms have not been set. The total outstanding principal balance at June 30, 2020 was \$6,795,000.

In September 2019, the university entered into a Memorandum of Understanding to issue debt for the construction of Building A at 15th & High. This loan will be used to fund the construction

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of Building A. The total loan from this Memorandum of Understanding as of June 30, 2020 is \$9,842,613. The loan does not bear interest and repayment terms have not been set. The total outstanding principal balance at June 30, 2020 was \$9,842,613.

In September 2019, the university entered into a Memorandum of Understandings to issue debt for the construction of Building B1 at 15th & High. This loan will be used to fund the construction of Building B1. The total loan from this Memorandum of Understanding as of June 30, 2020 is \$5,129,945. The loan does not bear interest and repayment terms have not been set. The total outstanding principal balance at June 30, 2020 was \$5,129,945.

Other Loans:

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

In May 2020, The Gateway Theatre received a loan of \$287,800 under the Payroll Protection Program. The loan is payable over 2 years at a 1.00% interest rate.

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

In May 2020, The Gateway Theatre received a loan of \$59,400 from the Columbus Finance Fund.

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

Debt Name	Beginning Balance	Additions	Repayments	Forgiven	Ending Balance	Current portion
OSU Loan- Retail	\$ 36,220,656	\$ -	\$ 1,293,595	\$ -	\$ 34,927,061	\$ 1,293,595
OSU Loan- Real Estate	13,022,746	-	-	-	13,022,746	-
OSU Loan- Real Estate IV	21,363,651	-	-	-	21,363,651	-
15th & High Infrastructure	13,950,000	4,000,000	-	-	17,950,000	-
OSU Loan- 15th & High Development	6,045,000	750,000	-	-	6,795,000	-
OSU Loan- Building A Construction	-	9,842,613	-	-	9,842,613	-
OSU Loan- Building B1 Construction	-	5,129,945	-	-	5,129,945	-
PPP Loan	-	287,800	-	-	287,800	-
EIDL Loan	-	160,000	-	-	160,000	-
Finance Fund Loan	-	59,400	-	-	59,400	-
Columbus Foundation	1,748,213	-	1,748,213	-	-	-
Total Debt	\$ 92,350,266	\$ 20,229,758	\$ 3,041,808	\$ -	\$ 109,538,216	\$ 1,293,595

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

Debt activity for the year ended June 30, 2019 is as follows:

Debt Name	Beginning				Ending	
	Balance	Additions	Repayments	Forgiven	Balance	Current portion
OSU Loan- Retail	\$ 37,514,251	\$ -	\$ 1,293,595	\$ -	\$ 36,220,656	\$ 1,293,595
OSU Loan- Real Estate	13,022,746	-	-	-	13,022,746	-
OSU Loan- Real Estate IV	18,353,651	3,010,000	-	-	21,363,651	-
15th & High Infrastructure	11,950,000	2,000,000	-	-	13,950,000	-
OSU Loan- 15th & High Development		6,045,000	-	-	6,045,000	-
Columbus Foundation	1,833,964	-	85,751	-	1,748,213	87,259
Edwards Note	1,650,000	350,000	-	2,000,000	-	-
Total Debt	\$ 84,324,612	\$ 11,405,000	\$ 1,379,346	\$ 2,000,000	\$ 92,350,266	\$ 1,380,854

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

Years Ending June 30	Principal	Interest	Total
2021	1,293,595	-	1,293,595
2022	1,293,593	-	1,293,593
2023	1,293,593	-	1,293,593
2024	1,293,593	-	1,293,593
2025	1,293,595	-	1,293,595
2026-2030	6,467,974	-	6,467,974
2031-2035	6,467,974	-	6,467,974
2036-2040	6,467,974	-	6,467,974
2041-2045	6,467,974	-	6,467,974
2046-2048	2,587,196	-	2,587,196
Total	\$ 34,927,061	\$ -	\$ 34,927,061

NOTE 5 – RELATED PARTY TRANSACTIONS

On June 26, 2012, Campus Partners has entered into the 5th amendment to the ground lease with the university for the South Campus Gateway land. The 5th amendment allows for the land to be ground leased for \$1 a year until December 31, 2043. Campus Partners manages the common area at the South Campus Gateway. The common areas are used and the expense is billed back to the office and residential areas of the South Campus Gateway, both of which are managed by the university. As a result, Campus Partners bills the university for its portion of the maintenance. In addition, Campus Partners leases retail space to the university. Accounts receivable due from university tenants for the years ended June 30, 2020 and 2019 were \$34,219 and \$9,978, respectively. Accounts payable due to university tenants for the years ended June 30, 2020 and 2019 were \$40,122 and \$95,767, respectively. Rental income from university tenants at the South Campus Gateway for the years ended June 30, 2020 and 2019 were \$605,926 and \$599,676, respectively. Recovery of operating expenses from these university tenants for the years ended June 30, 2020 and 2019 were \$1,230,545 and \$1,285,921 respectively. University employees support the day-to-day operations and provide managerial oversight to Campus Partners. The value of these services constitutes

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

additional in-kind income to Campus Partners but is not reported in Campus Partners' financial statements.

In 2018, Campus Partners began work on a building which will be occupied by WOSU, a related party. During 2019 Campus Partners and WOSU entered into a lease for WOSU to occupy a building owned by Campus Partners. During Fiscal Year 2020, the lease was revised. Per the terms of the revised lease WOSU will pay a total of \$32,838,302 in prepaid rent to Campus Partners to fund the construction of the building. WOSU had paid a total of \$16,593,624 and \$2,248,139 of prepaid rent to Campus Partners for the years ending June 30, 2020 and 2019, respectively. Campus Partners has \$12,699,415 and \$790,969 in construction in progress related to the WOSU building for the years ending June 30, 2020 and 2019, respectively. The building was still under construction and the lease has not yet commenced as of June 30, 2020.

In April 2015, the OSU Wexner Medical Center ("the Medical Center") granted \$5,000,000 to Campus Partners to fund the purchase of land to be used for the construction of a new outpatient medical facility ("the facility"). In October 2015, the Medical Center entered into a 20-year lease agreement, with an additional 5-year bargain renewal option, with Campus Partners related to the occupancy of the facility. Per the terms of the lease, \$20,867,000 of the scheduled rent payments were used by Campus Partners towards the construction of the facility. The building went into service on July 14, 2016. Campus Partners recorded the grant and lease prepayments as unearned income on the consolidated statement of net position. The total prepaid rent balance for this building was \$21,888,131 and \$22,929,825 for the years ending June 30, 2020 and 2019, respectively. Campus Partners recognized rental income on this property of \$1,041,694 and \$1,041,681 for the years ending June 30, 2020 and 2019, respectively. Recovery of operating expense recognized from this property was \$579,603 and \$579,619 for the years ending June 30, 2020 and 2019, respectively.

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(A component unit of The Ohio State University)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 – COMBINING INFORMATION FOR COMPONENT UNITS

As indicated in the Basis of Presentation in Note 1, Campus Partners consolidates several component units in a blended presentation. Condensed combining financial information for the year ended June 30, 2020 is presented below.

	Campus Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
Condensed statements of net position:					
Current assets	2,249,570	2,209,602	296,754	5,739,641	590,869
Capital assets, net	30,873,822	-	439,841	85,614,826	22,676,983
Other assets	613,336	800,000	-	41,096	-
Total assets	33,736,728	3,009,602	736,595	91,395,563	23,267,852
Current liabilities	3,205,111	106,538	495,414	8,075,772	1,632,288
Noncurrent liabilities	-	-	507,200	16,591,034	20,849,042
Amounts payable to the university	33,633,467	-	1	74,103,953	-
Total liabilities	36,838,578	106,538	1,002,615	98,770,759	22,481,330
Net investment in capital assets	(4,153,119)		439,840	4,128,504	22,676,983
Unrestricted	1,051,269	2,903,064	(705,860)	(11,503,700)	(21,890,461)
Total net position	(3,101,850)	2,903,064	(266,020)	(7,375,196)	786,522
Total liabilities and net position	33,736,728	3,009,602	736,595	91,395,563	23,267,852

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

	Campus Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
Condensed statements of revenues, expenses					
and changes in net position:					
Operating revenues:					
Rental income	3,849,385	-	-	66,254	1,041,694
Recovery of operating expense	1,925,595	-	-	-	579,603
Other operating	172	115,001	1,838,254	96,001	9
Total operating revenues	5,775,152	115,001	1,838,254	162,255	1,621,306
Operating expenses, excluding depreciation	3,459,373	151,839	2,370,107	1,893,311	580,115
Depreciation expense	2,107,563	-	97,854	3,638	819,409
Total operating expenses	5,566,936	151,839	2,467,961	1,896,949	1,399,524
Net operating income (loss)	208,216	(36,838)	(629,707)	(1,734,694)	221,782
Non-operating revenues and expenses:					
Interest income	-	174,675	-	-	-
Interest expense	-	(78,238)	-	-	-
Other non-operating revenue (expense)	(2)	247,352	353,446	-	-
Net non-operating revenue (expense)	(2)	343,789	353,446	-	-
Change in net position	208,214	306,951	(276,261)	(1,734,694)	221,782
Increase (decrease) in net position	208,214	306,951	(276,261)	(1,734,694)	221,782
Beginning net position	(3,310,064)	2,596,113	10,241	(5,640,502)	564,740
Ending net position	(3,101,850)	2,903,064	(266,020)	(7,375,196)	786,522

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

	Campus				
	Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	3,002,751	26,366	(824,319)	12,874,565	-
Noncapital financing activities	-	(378,236)	865,392	-	-
Capital and related financing activities	(2,415,368)	298,674	(31,341)	(8,671,994)	-
Investing activities	-	322,167	-	-	-
Net increase (decrease) in cash	587,383	268,970	9,732	4,202,571	-
Beginning cash and restricted cash	887,420	999,901	222,112	1,279,420	6,210
Ending cash and restricted cash	1,474,803	1,268,871	231,844	5,481,991	6,210

Condensed combined financial information for the year ended June 30, 2019 is presented below.

	Campus				
	Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
Condensed statements of net position:					
Current assets	1,357,997	2,235,237	126,648	3,970,835	304,717
Capital assets, net	31,788,542	13,612	506,355	49,699,970	23,496,393
Other assets	651,157	2,460,953	-	-	-
Total assets	33,797,696	4,709,802	633,003	53,670,805	23,801,110
Current liabilities	887,103	452,735	622,762	2,213,945	1,348,223
Noncurrent liabilities	-	1,660,954	-	2,715,961	21,888,147
Amounts payable to the university	36,220,657	-	-	54,381,399	-
Total liabilities	37,107,760	2,113,689	622,762	59,311,305	23,236,370
Net investment in capital assets	(4,432,115)	13,614	506,355	(4,681,426)	23,496,392
Unrestricted	1,122,051	2,582,499	(496,114)	(959,074)	(22,931,652)
Total net position	(3,310,064)	2,596,113	10,241	(5,640,500)	564,740
Total liabilities and net position	33,797,696	4,709,802	633,003	53,670,805	23,801,110

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(A component unit of The Ohio State University)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

	Campus Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
Condensed statements of revenues, expenses					
and changes in net position:					
Operating revenues:					
Rental income	3,554,950	-	-	63,407	1,041,682
Recovery of operating expense	2,113,209	-	-	-	579,619
Other operating	83,716	80,294	2,822,502	517,264	-
Total operating revenues	5,751,875	80,294	2,822,502	580,671	1,621,301
Operating expenses, excluding depreciation	3,518,590	236,067	2,974,633	1,664,885	587,428
Depreciation expense	2,087,227	17,297	101,766	65,739	819,413
Total operating expenses	5,605,817	253,364	3,076,399	1,730,624	1,406,841
Net operating income (loss)	146,058	(173,070)	(253,897)	(1,149,953)	214,460
Non-operating revenues and expenses:					
Interest income	-	221,727	-	-	-
Interest expense	-	(137,975)	-	-	-
Other non-operating revenue (expense)	(2)	536,217	101,924	(33,500)	-
Net non-operating revenue (expense)	(2)	619,969	101,924	(33,500)	-
Change in net position	146,056	446,899	(151,973)	(1,183,453)	214,460
Other changes in net position:					
Forgiveness of debt	-	-	-	2,000,000	-
Capital Grant Income	-	-	-	3,250,000	-
Increase (decrease) in net position	146,056	446,899	(151,973)	4,066,547	214,460
Beginning net position	(3,456,120)	2,149,214	162,214	(9,707,049)	350,280
Ending net position	(3,310,064)	2,596,113	10,241	(5,640,502)	564,740

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

	Campus				
	Partners for				
	South Campus Gateway LLC	Affordable Housing LLC	The Gateway Theatre LLC	Redstone Realty LLC	Medstone Realty LLC
Condensed statements of cash flows:					
Net cash provided (used) by:					
Operating activities	2,127,867	(275,773)	18,374	1,244,182	225
Noncapital financing activities	-	(206,984)	251,924	-	-
Capital and related financing activities	(2,266,498)	91,631	(34,470)	(34,405)	-
Investing activities	-	36,037	-	-	-
Net increase (decrease) in cash	(138,631)	(355,089)	235,828	1,209,777	225
Beginning cash and restricted cash	1,026,051	1,354,990	(13,716)	69,643	5,985
Ending cash and restricted cash	887,420	999,901	222,112	1,279,420	6,210

CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

(A component unit of The Ohio State University)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Capital Commitments

As of June 30, 2020, Campus Partners is committed to future contractual obligations for capital expenditures related to the 15th & High redevelopment project of approximately \$57.3 million.

Litigation

Campus Partners is a party to certain legal proceedings that arise in the ordinary course of business. Campus Partners records a liability when a loss is considered probable and the amount can be reasonably estimated. Management does not expect there to be consequences from these proceedings that would have a material adverse impact on Campus Partners' financial statements.

Concentration of Credit Risk

For the year ended June 30, 2020, Campus Partners had rental income generated from two tenants, which represented greater than 10% of Campus Partners' rental income. Rental income from the first of these tenants was \$1,066,148 and \$1,082,364 for years ended June 30, 2020 and 2019 respectively and represented 21.5% and 23.2% of rental income. Rental income from the second of these tenants was \$1,041,694 and \$1,041,681 for years ended June 30, 2020 and 2019 respectively and represented 21.0% and 22.3% of rental income. One of these tenants is a related party.

Covid-19

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was declared a pandemic by the World Health Organization on March 11, 2020 and a national emergency by the President of the United States on March 13, 2020. The outbreak of the disease has affected travel, commerce, economies, and financial markets globally, including in the United States. In response to the public health crisis, the Governor of Ohio and the Director of the Ohio Department of Health took certain actions to limit the spread of the virus and its impact on the State's local communities and health care services, including the declaration of a state of emergency in the State and the closure of all non-essential businesses commencing on March 23, 2020. On May 1, 2020, the State began a phased-in process of reopening certain businesses.

The COVID-19 pandemic impacted Campus Partners' business. In response to the risks associated with the coronavirus and government mandates, some tenants at South Campus Gateway temporarily reduced staffing, limited customer access, and in some cases closed their businesses entirely. In addition to the direct impacts of COVID-19 on operations, most retailers saw significant declines in customer traffic as the university shifted to virtual instruction and many students left the campus area. During these times of disruption, many tenants engaged South Gateway seeking relief in the form of abatements or deferrals of rent payments. South Campus Gateway has negotiated modifications to lease agreements with most of these tenants to help them through the pandemic.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

COVID-19 has also impacted the 15th + High redevelopment project. Campus Partners' affiliate, Redstone LLC, was in the construction phase of four projects, Building A, Building B1, the WOSU Building and Infrastructure. In response to the COVID-19 outbreak, the university evaluated all capital projects to determine how spending on existing projects could be deferred to ensure adequate financial flexibility until the total impact of the pandemic on revenue sources becomes clear. One outcome of this assessment was a decision by the university to pause funding the loans associated with the Building B1 project. As a result, construction of Building B1 has been paused. At June 30, 2020, Campus Partners has \$5,875,833 of Construction-in-Progress related to Building B1 and has loans payable to the University of \$5,129,945 related to this construction.

The COVID-19 pandemic has negatively affected national, state, and local economies and global financial markets. The outbreak and related actions taken by federal and state governments may materially impact the Campus Partners financial position and its results of operations. While the impacts of COVID-19 may materially affect financial results for 2021 and potentially beyond, Campus Partners management believes that Campus Partners has sufficient liquidity to meet its operating and financial needs in fiscal year 2021. However, given the difficulty in predicting the duration and severity of the COVID-19 pandemic and its effects on the Campus Partners, the economy and financial markets, the ultimate impact is unknown. Campus Partners management continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of the community and promote the continuity of revitalization of the area immediately adjacent to the university's main campus in Columbus, Ohio.



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Campus Partners for Community Urban Redevelopment and Subsidiaries (“Campus Partners”), a component unit of The Ohio State University, which comprise the consolidated statement of net position as of June 30, 2020, and the related consolidated statements of revenues, expenses, and other changes in net position and of cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Campus Partners’ internal control over financial reporting (“internal control”) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Campus Partners’ internal control. Accordingly, we do not express an opinion on the effectiveness of Campus Partners’ internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Campus Partners' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

November 10, 2020

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OHIO AUDITOR OF STATE KEITH FABER



CAMPUS PARTNERS FOR COMMUNITY URBAN REDEVELOPMENT AND SUBSIDIARIES

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 12/15/2020

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