



OHIO AUDITOR OF STATE  
**KEITH FABER**





**NEWARK DEVELOPMENT PARTNERS  
LICKING COUNTY  
DECEMBER 31, 2022 and 2021**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Basic Financial Statements:	
Consolidated Statement of Financial Position For the Years Ended December 31, 2022 and 2021 .....	5
Consolidated Statement of Activities For the Years Ended December 31, 2022 and 2021 .....	6
Consolidated Statement of Cash Flow For the Years Ended December 31, 2022 and 2021 .....	7
Notes to the Consolidated Financial Statements For the Years Ended December 31, 2022 and 2021 .....	8
Consolidated Statement of Financial Position For the Years Ended December 31, 2021 and 2020 .....	15
Consolidated Statement of Activities For the Years Ended December 31, 2021 and 2020 .....	16
Consolidated Statement of Cash Flow For the Years Ended December 31, 2021 and 2020 .....	17
Notes to the Consolidated Financial Statements For the Years Ended December 31, 2021 and 2020 .....	18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	25

**THIS PAGE INTENTIONALLY LEFT BLANK**

# OHIO AUDITOR OF STATE KEITH FABER

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

## INDEPENDENT AUDITOR'S REPORT

Newark Development Partner Community Improvement Corporation  
Licking County  
PO Box 3500  
Newark, Ohio 43058

To the Board of Directors:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Newark Development Partner Community Improvement Corporation, Licking County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### *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, 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 Corporation, 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 Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

### ***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 Corporation'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 Corporation'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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Keith Faber". The signature is fluid and cursive, with the first name "Keith" and last name "Faber" clearly distinguishable.

Keith Faber  
Auditor of State  
Columbus, Ohio

November 26, 2024

**THIS PAGE INTENTIONALLY LEFT BLANK**



**Newark Development Partners  
Community Improvement Corporation  
Licking County, Ohio**

**Consolidated Statements of Financial Position  
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u> (As restated)
<b>Assets</b>		
Current Assets		
Equity in Cash and Cash Equivalents	\$ 596,093	\$ 746,957
Accounts Receivable	1,914,500	1,638,500
Other	98	98
<b>Total Current Assets</b>	<u>2,510,691</u>	<u>2,385,555</u>
<b>Noncurrent Assets</b>		
Accounts Receivable	4,694,100	6,014,200
Note Receivable	599,858	-
Investment	1,005,728	-
Capital Assets		
Non Depreciable	2,376,854	1,832,249
Depreciable	1,404,839	1,557,659
Accumulated Depreciations	(212,972)	(166,753)
<b>Total Other Assets</b>	<u>9,868,407</u>	<u>9,237,355</u>
<b>Total Assets</b>	<u><u>\$ 12,379,098</u></u>	<u><u>\$ 11,622,910</u></u>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	\$ 26,442	\$ 27,239
Accrued Liabilities	4,267	2,681
Prepared Rent and Deposits	33,084	28,427
<b>Total Current Liabilities</b>	<u>63,793</u>	<u>58,347</u>
Notes Payable	599,858	-
<b>Total Liabilities</b>	<u>663,651</u>	<u>58,347</u>
<b>Net Assets</b>		
Without donor restrictions	4,574,449	3,223,155
With donor restrictions	7,140,998	8,341,408
<b>Total Net Assets</b>	<u>11,715,447</u>	<u>11,564,563</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,379,098</u>	<u>\$ 11,622,910</u>

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

**Newark Development Partners  
Community Improvement Corporation  
Licking County, Ohio**

**Consolidated Statements of Activities  
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u> (As restated)
<b>Net Assets Without Donor Restrictions</b>		
Operating Revenues		
Contributions	\$ -	\$ 47,900
Grants	209,801	100,833
Rents	285,888	248,612
Programs	105,645	83,282
Gain from property sales	208,384	
Miscellaneous	3,535	5,080
<b>Total Operating Revenues</b>	<u>813,253</u>	<u>485,707</u>
<b>Operating Expenses</b>		
Program	100,951	86,413
Wages	181,381	145,802
Contractual Services	19,039	15,772
Rental Property	296,608	289,727
Depreciation	46,219	43,220
Miscellaneous	18,171	11,525
<b>Total Operating Expenses</b>	<u>662,369</u>	<u>592,459</u>
<b>Operating - Net Expenses</b>	<u>150,884</u>	<u>(106,752)</u>
<b>Net Assets Released from Restrictions</b>		
Satisfaction of donor restrictions	<u>1,200,410</u>	<u>1,101,675</u>
Increase in Net Assets Without Donor Restrictions	1,351,294	994,923
<b>Net Assets With Donor Restrictions</b>		
Contributions	-	7,137,900
Satisfaction of Donor Restrictions	(1,200,410)	(1,101,675)
(Decrease) Increase in Net Assets with Donor Restrictions	<u>(1,200,410)</u>	<u>6,036,225</u>
<b>Increase in Net Assets</b>	150,884	7,031,148
<b>Net Assets Beginning of Year</b>	<u>11,564,563</u>	<u>4,533,415</u>
<b>Net Assets End of Year</b>	<u>\$ 11,715,447</u>	<u>\$ 11,564,563</u>

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

**Newark Development Partners  
Community Improvement Corporation  
Licking County, Ohio**

**Consolidated Statements of Cash Flow  
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u> (As restated)
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 150,884	\$ 7,031,148
Adjustments to reconcile changes in net asset to net cash provided by operating activities		
Depreciation	46,219	43,220
Gain on sale of capital assets	(208,384)	-
Changes in assets and liabilities		
Accounts Receivable	1,044,100	(5,369,200)
Accounts Payable	(797)	24,949
Accrued Liabilities	1,586	2,616
Rent Deposits	4,657	14,267
<b>Net cash provided by operating activities</b>	1,038,265	1,747,000
<b>Cash flows from investing activities:</b>		
Proceeds from sale of capital assets	485,200	
Purchase of investments	(1,005,728)	
Purchase of capital assets	(668,601)	(1,124,143)
<b>Net cash (used in) investing activities:</b>	(1,189,129)	(1,124,143)
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(150,864)</u>	<u>622,857</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>746,957</u>	<u>124,100</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 596,093</u></u>	<u><u>\$ 746,957</u></u>

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

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2022 and 2021**

**Note 1: Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

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

**C. Basis of Presentation**

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

**D. Cash and Cash Equivalents**

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

**E. Income Taxes**

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

The Corporation's Form 990, Return of Organization Exempt from Income Tax, for the years ending December 31, 2019, 2020, 2021 and 2022 are subject to examination by the IRS, generally for three years from the due dates of the returns.

**F. Use of Estimates**

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

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2022 and 2021**

**Note 1: Summary of Significant Accounting Policies (continued)**

**G. Accounting Pronouncements Adopted**

In May 2014, the FASB issued ASU 2014-09, *"Revenue from Contracts with Customers"* (Topic 606). For revenue recognition, unconditional contributions are recognized as revenue in the period the commitment or payment is first received. Conditional contributions are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the contribution. Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions.

**H. Consolidation**

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

4082 Ltd. held a mortgage secured by real estate in Newark, Ohio. Funds used to purchase the mortgage were received from contributions made to 4082 Ltd. by local donors. At December 31, 2022 and 2021, 4082 Ltd. had no assets or liabilities and was dormant.

NDP-195 Union LLC owns a commercial rental property in Newark, Ohio. The property was donated to NDP-195 Union LLC in December 2016. The book value of the property at December 31, 2022 and 2021 was \$950,761 and \$970,975, respectively.

Historic Arcade LLC owns a commercial rental property in Newark, Ohio. The property was purchased in November 2019 from contributions made to Historic Arcade LLC by local donors. The book value of the property at December 31, 2022 and 2021 was \$1,956,714 and \$1,844,645, respectively. The property is part of a historic preservation project. Included in the book value at December 31, 2022 and December 31, 2021 was \$1,135,018 and \$1,009,865, respectively of construction in progress.

NDP-West Church LLC owns two commercial properties in Newark, Ohio. A vacant lot was donated to NDP-West Church LLC in September 2019. The book value of the property at December 31, 2022 and 2021 was \$40,208. A vacant building was donated to NDP-West Church LLC in December 2019. The book value of the property at December 31, 2022 and 2021 was \$100,000.

NDP-Hudson LLC owned a vacant building and five vacant lots in Newark, Ohio. The properties were donated to NDP-Hudson LLC in December 2020 and sold in October 2022. In January 2021 another property with a vacant house was purchased and then sold in October 2022. In October 2022, a rental house was purchased. A vacant house was purchased in May 2022 but was subsequently destroyed by fire with insurance proceeds collected. The book value of the properties at December 31, 2022 and 2021 was \$170,606 and \$267,327, respectively.

**I. Functional Expenses**

The Corporation's expenses are all considered to be for the same function, which is to promote the development of Newark, Ohio. A presentation of functional expenses is included in Footnote 16.

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2022 and 2021**

**Note 2: Cash**

The carrying value of cash deposits at December 31, 2022 and 2021 was \$596,093 and \$746,957, respectively. Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution.

**Note 3: Investment**

At December 31, 2022, the Corporation had invested \$1,005,728 in Historic Arcade Manager, LLC.

**Note 4: Restrictions on Net Assets**

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

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

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

At December 31, 2022 and 2021, there was net assets with donor restrictions related to contributions received and pledges from local donors to assist with the Historic Arcade restoration. At December 31, 2022 and 2021, there was \$7,140,998 and \$8,341,408, respectively of donor restricted net assets for the Historic Arcade restoration project.

**Note 5: Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

**Note 6: Risk Management**

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

General liability

Public officials' liability

**Note 7: Historic Renovation Project**

The property owned by the Historic Arcade LLC is part of a historic preservation project. To facilitate the rehabilitation and redevelopment of the property and to utilize the Federal and Ohio Historic Preservation Tax Credits and Ohio Transformational Mixed-Use Development Tax Credit, Historic Arcade Manager LLC and Historic Arcade Tenant LLC were formed.

The Corporation will own, directly or indirectly, membership interests in the newly formed entities. Management of the new entities will directly or indirectly be the responsibility of the Corporation. The loans for the construction of the project were completed in September 2022. The construction work on the project started in October 2022 and has a projected completion date in the summer of 2024.

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2022 and 2021**

**Note 8: Leases**

The Corporation owns a commercial rental property (NDP-195 Union LLC). The property has several tenants leasing space. Some of the tenants are renting on a month-to-month basis while others have leases ranging from one to five years. Due to the nature and terms of the leases, the leases are considered to be operating leases. The related rents and expenses from the property were:

	Year Ended December 31	
	2022	2021
Rents	\$273,781	\$238,777
Expenses	\$111,884	\$119,788

**Note 9: Capital Assets**

Capital Assets consisted of the following at December 31, 2022:

	Balance 12/31/21	Additions	Deletions	Balance 12/31/22
Capital assets, not being depreciated:				
Land	\$ 822,415	\$ 447,182	\$ 110,997	\$1,158,600
Other	1,009,834	208,420	-	1,218,254
Total Capital Assets, not being depreciated	1,832,249	655,602	110,997	2,376,854
Capital Assets, being depreciated				
Equipment and other	75,362	13,000	-	88,362
Buildings and improvements	1,482,297	-	165,820	1,316,477
Total Capital Assets, being depreciated	1,557,659	13,000	165,820	1,404,839
Less accumulated depreciation				
Equipment and other	26,154	7,765	-	33,919
Buildings and improvements	140,599	38,454	-	179,053
Total accumulated depreciation	166,753	46,219	-	212,972
Total capital assts, being depreciated, net	1,390,906	(33,219)	-	1,191,867
Total capital assets, net	\$3,223,155	\$ 622,383	\$ -	\$3,568,721

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2022 and 2021**

**Note 9: Capital Assets (continued)**

Capital Assets consisted of the following at December 31, 2021:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital assets, not being depreciated:				
Land	\$ 766,408	\$ 56,007	\$ -	\$ 822,415
Other	50,010	959,824	-	1,009,934
Total Capital Assets, not being depreciated	816,418	1,015,831	-	1,832,249
Capital Assets, being depreciated				
Equipment and other	67,472	7,890	-	75,362
Buildings and improvements	1,381,875	100,422	-	1,482,297
Total Capital Assets, being depreciated	1,449,347	108,312	-	1,557,659
Less accumulated depreciation				
Equipment and other	15,012	11,142	-	26,154
Buildings and improvements	108,521	32,078	-	140,599
Total accumulated depreciation	123,533	43,220	-	166,753
Total capital assets, being depreciated, net	1,325,814	65,092	-	1,390,906
Total capital assets, net	\$2,142,232	\$1,080,923	\$ -	\$3,223,155

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

**Note 10: Long-term Debt**

In September 2022, the Corporation entered into bridge loan with the Park National Bank in the amount of \$6,607,070 to assist with the historic preservation project on the Historic Arcade LLC property. At December 31, 2022, the loan had an interest rate of 8.50% and a due date of January 1, 2029. The loan is secured by the Capital Campaign Pledges and the Capital Campaign Deposit Account. Also serving as collateral on the loan are the properties in NOP - 195 Union LLC, Historic Arcade LLC and Newark Development Partners' properties located at 29-35 N. Third Street and 24-30 N. Fourth Street located in Newark, Ohio. As of December 31, 2022, the Corporation has drawn down \$599,858 of the \$6,607,070 approved.

**Note 11: Contributions**

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

**Note 12: Account Receivable**

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



**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2022 and 2021**

**Note 13: Line of Credit**

On July 31, 2020, the Corporation obtained a line of credit in the amount of \$100,000. At December 31, 2022 and 2021, no funds had been drawn from the line of credit.

**Note 14: Liquidity and Availability of Financial Assets**

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Financial Assets at year-end	\$7,204,791	\$8,399,755
Less those unavailable for general expenditures within one year, due to:		
Donor restricted funds for rehab and operation of Historical Arcade	(7,140,998)	(8,341,408)
Financial assets available to meet cash needs for general expenses within one year	\$ 63,793	\$ 58,347

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

**Note 15: Restatement of Prior Year Financials**

The financial statements for 2021 have been restated to reflect an additional \$47,900 of Accounts Receivable and Contribution Income. This is for donations received in 2021 that were deducted from amounts reported as pledges receivable in the original 2021 financial statements. Rent deposits were increased and Rent Revenue was decreased by \$5,983 for additional Rent Deposits at December 31, 2021.

**Note 16: COVID-19**

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

**Note 17: Functional Expenses**

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amended the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs. Though the Statement of Activity does present expenses in a functional format, the Corporation has chosen to show functional expenses with additional detail below.

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2022 and 2021**

**Note 17: Functional Expenses (continued)**

	2022 Functional Expenses				2021 Functional Expenses		
		Program	Management			Program	Management
	Total	Service	and General		Total	Service	and General
Functional Expense Classification	Expenses	Expenses	Expenses		Expenses	Expenses	Expenses
Current officers, directors, trustees compensation	143,688	143,688	-		130,628	130,628	-
Other Salaries and Wages	24,580	24,580	-		4,682	4,682	-
Payroll Taxes	13,113	13,113	-		10,492	10,492	-
Service Fees							
Legal	3,386	3,386	-		165	165	-
Accounting	15,653	-	15,653		15,607	-	15,607
Office Expenses	3,796	-	3,796		5,635	-	5,635
Interest	238	238	-		323	323	-
Rental Property Expenses	296,608	296,608			289,727	289,727	
Depreciation Expense	46,219	46,219	-		43,220	43,220	-
Insurance	6,151	6,151	-		15	15	-
Other Expenses					-	-	
Special Projects	100,951	100,951	-		86,413	86,413	-
Dues	2,190	2,190	-		2,633	2,633	-
Miscellaneous	5,796	2,898	2,898		2,633	2,633	-
Licenses and Fees	-	-	-		286	-	286
<b>Total Functional Expenses</b>	<b>662,369</b>	<b>640,022</b>	<b>22,347</b>		<b>592,459</b>	<b>570,931</b>	<b>21,528</b>

**Note 18: Subsequent Events**

Management has evaluated subsequent events through April 30, 2023, the date the financial statements were available to be issued.

**Newark Development Partners  
Community Improvement Corporation  
Licking County, Ohio**

**Consolidated Statements of Financial Position  
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u> (As restated)
<b>Assets</b>		
Current Assets		
Equity in Cash and Cash Equivalents	\$ 746,957	\$ 124,100
Accounts Receivable	1,638,500	424,500
Other	98	98
<b>Total Current Assets</b>	<u>2,385,555</u>	<u>548,698</u>
<b>Noncurrent Assets</b>		
Accounts Receivable	6,014,200	1,859,000
Capital Assets		
Non Depreciable	1,832,249	816,418
Depreciable	1,557,659	1,449,347
Accumulated Depreciations	<u>(166,753)</u>	<u>(123,533)</u>
<b>Total Other Assets</b>	<u>9,237,355</u>	<u>4,001,232</u>
<b>Total Assets</b>	<u><u>\$ 11,622,910</u></u>	<u><u>\$ 4,549,930</u></u>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	\$ 27,239	\$ 2,290
Accrued Liabilities	2,681	65
Prepared Rent and Deposits	<u>28,427</u>	<u>14,160</u>
<b>Total Current Liabilities</b>	<u>58,347</u>	<u>16,515</u>
<b>Net Assets</b>		
Without donor restrictions	3,223,155	2,153,232
With donor restrictions	<u>8,341,408</u>	<u>2,380,183</u>
<b>Total Net Assets</b>	<u>11,564,563</u>	<u>4,533,415</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 11,622,910</u>	<u>\$ 4,549,930</u>

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

**Newark Development Partners  
Community Improvement Corporation  
Licking County, Ohio**

**Consolidated Statements of Activities  
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u> (As restated)
<b>Net Assets Without Donor Restrictions</b>		
Operating Revenues		
Contributions	\$ 47,900	\$ 45,295
Grants	100,833	60,000
Rents	248,612	245,249
Programs	83,282	82,432
Miscellaneous	5,080	56,806
<b>Total Operating Revenues</b>	<u>485,707</u>	<u>489,782</u>
<b>Operating Expenses</b>		
Program	86,413	132,797
Wages	145,802	127,901
Contractual Services	15,772	15,730
Rental Property	289,727	252,433
Depreciation	43,220	40,143
Miscellaneous	11,525	16,238
<b>Total Operating Expenses</b>	<u>592,459</u>	<u>585,242</u>
<b>Operating - Net Expenses</b>	<u>(106,752)</u>	<u>(95,460)</u>
<b>Nonoperating Revenues and Expenses</b>		
Interest and Fiscal Charges	-	(228)
Donations	-	201,500
<b>Total Nonoperating Revenues (Expenses)</b>	<u>-</u>	<u>201,272</u>
<b>Net Assets Released from Restrictions</b>	<u>1,101,675</u>	<u>255,065</u>
Satisfaction of donor restrictions	<u>1,101,675</u>	<u>456,337</u>
 Increase in Net Assets Without Donor Restrictions	 994,923	 360,877
<b>Net Assets With Donor Restrictions</b>		
Contributions	7,137,900	2,372,250
Satisfaction of Donor Restrictions	(1,101,675)	(255,065)
	<u>6,036,225</u>	<u>2,117,185</u>
<b>Increase in Net Assets</b>	7,031,148	2,478,062
<b>Net Assets Beginning of Year</b>	<u>4,533,416</u>	<u>2,055,353</u>
<b>Net Assets End of Year</b>	<u>\$ 11,564,564</u>	<u>\$ 4,533,415</u>

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

**Newark Development Partners  
Community Improvement Corporation  
Licking County, Ohio**

**Consolidated Statements of Cash Flow  
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u> (As restated)
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 7,031,148	\$ 2,478,062
Adjustments to reconcile changes in net asset to net cash provided by operating activities		
Donated capital assets	-	(201,500)
Depreciation	43,220	40,143
Changes in assets and liabilities		
Accounts Receivable	(5,369,200)	(2,228,558)
Other Assets	-	(50)
Accounts Payable	24,949	(6,432)
Accrued Liabilities	2,616	65
Rent Deposits	14,267	(4,300)
<b>Net cash provided by operating activities</b>	1,747,000	77,430
<b>Cash flows from investing activities:</b>		
Purchase of capital assets	(1,124,143)	(175,837)
<b>Net cash (used in) investing activities:</b>	(1,124,143)	(175,837)
<b>Cash flows from financing activities:</b>		
Payments on note payable	-	(42,397)
<b>Net cash (used in) financing activities</b>	-	(42,397)
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>622,857</u>	<u>(140,804)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>124,100</u>	<u>264,904</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 746,957</u></u>	<u><u>\$ 124,100</u></u>

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

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2021 and 2020**

**Note 1: Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

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

**C. Basis of Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) ASC 958 *"Financial Statements of Not for Profit Organizations"*. The Corporation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as assets without donor restrictions on the Statements of Activities.

**D. Cash and Cash Equivalents**

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

**E. Income Taxes**

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

The Corporation's Form 990, Return of Organization Exempt from Income Tax, for the years ending December 31, 2018, 2019, 2020 and 2021 are subject to examination by the IRS, generally for three years from the due dates of the returns.

**F. Use of Estimates**

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

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2021 and 2020**

**Note 1: Summary of Significant Accounting Policies (continued)**

**G. Accounting Pronouncements Adopted**

In May 2014, the FASB issued ASU 2014-09, *"Revenue from Contracts with Customers"* (Topic 606). For revenue recognition, unconditional contributions are recognized as revenue in the period the commitment or payment is first received. Conditional contributions are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the contribution. Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions.

**H. Consolidation**

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

4082 Ltd. held a mortgage secured by real estate in Newark, Ohio. Funds used to purchase the mortgage were received from contributions made to 4082 Ltd. by local donors. At December 31, 2021 and 2020, 4082 Ltd. had no assets or liabilities and was dormant.

NDP-195 Union LLC owns a commercial rental property in Newark, Ohio. The property was donated to NDP-195 Union LLC in December 2016. The book value of the property at December 31, 2021 and 2020 was \$970,975 and \$988,817, respectively.

Historic Arcade LLC owns a commercial rental property in Newark, Ohio. The property was purchased in November 2019 from contributions made to Historic Arcade LLC by local donors. The book value of the property at December 31, 2021 and 2020 was \$1,844,645 and \$836,707, respectively.

NDP-West Church LLC owns two commercial properties in Newark, Ohio. A vacant lot was donated to NDP-West Church LLC in September 2019. The book value of the property at December 31, 2021 and 2020 was \$40,208. A vacant building was donated to NDP-West Church LLC in December 2019. The book value of the property at December 31, 2021 and 2020 was \$100,000 and \$75,000, respectively.

NDP-Hudson LLC owns a vacant building and five vacant lots in Newark, Ohio. The properties were donated to NDP-Hudson LLC in December 2020. The book value of the properties at December 31, 2021 and 2020 was \$267,327 and \$201,500, respectively.

**I. Functional Expenses**

The Corporation's expenses are all considered to be for the same function, which is to promote the development of Newark, Ohio. A presentation of functional expenses is included in Footnote 15.

**Note 2: Cash**

The carrying value of cash deposits at December 31, 2021 and 2020 was \$746,957 and \$124,100, respectively. Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution.

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2021 and 2020**

**Note 3: Restrictions on Net Assets**

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

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

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

At December 31, 2021 and 2020, there was net assets with donor restrictions related to contributions received and pledges from local donors to assist with the Historic Arcade restoration. At December 31, 2021 and 2020, there was \$8,341,408 and \$2,305,183, respectively of donor restricted net assets for the Historic Arcade restoration project.

**Note 4: Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

**Note 5: Risk Management**

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

General liability

Public officials' liability

**Note 6: Leases**

The Corporation owns a commercial rental property (NDP-195 Union LLC). The property has several tenants leasing space. Some of the tenants are renting on a month-to-month basis while others have leases ranging from one to five years. Due to the nature and terms of the leases, the leases are considered to be operating leases. The related rents and expenses from the property were:

	Year Ended December 31	
	2021	2020
Rents	\$238,777	\$199,043
Expenses	\$119,788	\$87,215



**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2021 and 2020**

**Note 7: Capital Assets**

Capital Assets consisted of the following at December 31, 2021:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital assets, not being depreciated:				
Land	\$ 766,408	\$ 56,007	\$ -	\$ 822,415
Other	50,010	959,824	-	1,009,934
Total Capital Assets, not being depreciated	816,418	1,015,831	-	1,832,249
Capital Assets, being depreciated				
Equipment and other	67,472	7,890	-	75,362
Buildings and improvements	1,381,875	100,422	-	1,482,297
Total Capital Assets, being depreciated	1,449,347	108,312	-	1,557,659
Less accumulated depreciation				
Equipment and other	15,012	11,142	-	26,154
Buildings and improvements	108,521	32,078	-	140,599
Total accumulated depreciation	123,533	43,220	-	166,753
Total capital assets, being depreciated, net	1,325,814	65,092	-	1,390,906
Total capital assets, net	\$2,142,232	\$1,080,923	\$ -	\$3,223,155

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

	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Capital assets, not being depreciated:				
Land	\$ 639,908	\$ 126,500	\$ -	\$ 766,408
Other	-	50,010	-	50,010
Total Capital Assets, not being depreciated	639,908	176,510	-	816,418
Capital Assets, being depreciated				
Equipment and other	54,835	12,637	-	67,472
Buildings and improvements	1,193,684	188,194	-	1,381,875
Total Capital Assets, being depreciated	1,248,519	200,828	-	1,449,347
Less accumulated depreciation				
Equipment and other	9,704	5,308	-	15,012
Buildings and improvements	73,686	34,835	-	108,521
Total accumulated depreciation	83,390	40,143	-	123,533
Total capital assets, being depreciated, net	1,165,129	160,685	-	1,325,814
Total capital assets, net	\$1,805,037	\$1,080,923	\$ -	\$2,142,232

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

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2021 and 2020**

**Note 8: Long-term Debt**

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

**Note 9: Contributions**

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

**Note 10: Account Receivable**

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

**Note 11: Line of Credit**

On July 31, 2020, the Corporation obtained a line of credit in the amount of \$100,000. At December 31, 2021 and 2020, no funds had been drawn from the line of credit.

**Note 12: Liquidity and Availability of Financial Assets**

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Financial Assets at year-end	\$8,399,755	\$2,407,698
Less those unavailable for general expenditures within one year, due to:		
Donor restricted funds for rehab and operation of Historical Arcade	(8,341,408)	(2,380,183)
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 58,347</u>	<u>\$ 27,515</u>

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

**Note 13: Restatement of Prior Year Financials**

The financial statements for 2020 have been restated to reflect an additional \$75,000 of Accounts Receivable and Contribution Income. This is for a pledge received in 2000 that was not included in the amounts reported in the original 2020 financial statements.

**Newark Development Partners  
Community Improvement Corporations  
Licking County, Ohio**

**Notes to the Consolidated Financial Statements  
For the Years Ended December 31, 2021 and 2020**

**Note 14: COVID-19**

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

**Note 15: Functional Expenses**

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amended the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs. Though the Statement of Activity does present expenses in a functional format, the Corporation has chosen to show functional expenses with additional detail below.

	2021 Functional Expenses				2020 Functional Expenses		
		Program	Management			Program	Management
	Total	Service	and General		Total	Service	and General
<b>Functional Expense Classification</b>	<b>Expenses</b>	<b>Expenses</b>	<b>Expenses</b>		<b>Expenses</b>	<b>Expenses</b>	<b>Expenses</b>
Current officers, directors, trustees compensation	130,628	130,628	-		118,750	118,750	-
Other Salaries and Wages	4,682	4,682	-		-	-	-
Payroll Taxes	10,492	10,492	-		9,151	9,151	-
Service Fees							
Legal	165	165	-		3,431	3,431	-
Accounting	15,607	-	15,607		12,299	-	12,299
Office Expenses	5,635	-	5,635		1,704	-	1,704
Interest	323	323	-		228	228	-
Rental Property Expenses	289,727	289,727	-		252,433	252,433	-
Depreciation Expense	43,220	43,220	-		40,143	40,143	-
Insurance	15	15	-		5,480	5,480	-
Other Expenses							
Special Projects	86,413	86,413	-		132,797	132,797	-
Dues	2,633	2,633	-		5,825	5,825	-
Miscellaneous	2,633	2,633	-		1,890	1,890	-
Licenses and Fees	286	-	286		1,338	-	1,338
<b>Total Functional Expenses</b>	<b>592,459</b>	<b>570,931</b>	<b>21,528</b>		<b>585,469</b>	<b>570,128</b>	<b>15,341</b>

**Note 16: Subsequent Events**

Management has evaluated subsequent events through April 30, 2022, the date the financial statement were available to be issued.

**THIS PAGE INTENTIONALLY LEFT BLANK**

# OHIO AUDITOR OF STATE KEITH FABER

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

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

Newark Development Partner Community Improvement Corporation  
Licking County  
PO Box 3500  
Newark, Ohio 43058

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Newark Development Partner Community Improvement Corporation, Licking County, (the Corporation) as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2024.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

November 26, 2024

# OHIO AUDITOR OF STATE KEITH FABER



**NEWARK DEVELOPMENT PARTNERS**

**LICKING COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 1/14/2025**

65 East State 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](http://www.ohioauditor.gov)