NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Newark Development Partners Community Improvement Corporation, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Newark Development Partners Community Improvement Corporation is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

October 3, 2019

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NEWARK DEVELOPMENT PARTNERS COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO

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Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

To the Board of Directors:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio (a not-for-profit corporation), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2019, on our consideration of the Newark Development Partners Community Improvement 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Newark Development Partners Community Improvement Corporation's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
August 20, 2019

NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

		2018		2017
Assets				
Current Assets				
Equity in Cash and				
Cash Equivalents	$	550,107	$	234,686
Accounts Receivable		119,192		188,442
Total Current Assets		669,299		423,128
Noncurrent assets				
Notes Receivable		231,942		250,788
Capital Assets				
Non Depreciable		156,000		156,000
Depreciable		912,554		847,607
Accumulated Depreciation		(52,749)		(23,035)
Total Other Assets		1,247,747		1,231,360
Total Assets	$	1,917,046	$	1,654,488
Liabilities				
Current Liabilities				
Accounts Payable	$	1,964	$	2,162
Rent Deposits		13,195		4,975
Total Current Liabilities		15,159		7,137
Noncurrent Liabilities				
Long-Term Debt		106,647		175,897
Total Liabilities		121,806		183,034
Net Assets				
Without donor restrictions		1,276,048		1,173,802
With donor restrictions		519,192		297,652
Total Net Assets		1,795,240		1,471,454
Total Liabilities and Net Assets	$	1,917,046	$	1,654,488

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

NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NET ASSETS WITHOUT DONOR RESTRICTIONS	2018	2017
Operating Revenues		
Contributions	$ 125,796	$ 101,444
Grants	60,000	74,954
Rents	217,700	109,440
Miscellaneous	7,436	2,516
Total Operating Revenues	410,932	288,354
Operating Expenses		
Programs	101,925	168,815
Wages	111,753	100,824
Contractual Services	21,191	21,012
Rental Property	120,441	63,210
Miscellaneous	20,567	4,204
Depreciation	29,714	23,035
Total Operating Expenses	405,591	381,100
Operating - Net	5,341	(92,746)
Nonoperating Revenues (Expenses)		
Interest and Fiscal Charges	(6,102)	(9,349)
Donations	20,050	28,550
Investment income	13,707	10,086
Total Nonoperating Revenues (Expenses)	27,655	29,287
Increase (Decrease) in Net Assets Without Donor Restrictions	32,996	(63,459)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	290,790	-
Increase (Decrease) in Net Assets	323,786	(63,459)
Net Assets Beginning of Year	1,471,454	1,534,913
Net Assets End of Year	$ 1,795,240	$ 1,471,454

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

NEWARK DEVELOPMENT PARTNERS
COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Changes in net assets	$ 323,786	$ (63,459)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	29,714	23,035
Changes in assets and liabilities		
Accounts receivable	69,250	79,308
Accounts payable	(198)	272
Rent deposits	8,220	4,975
Net cash provided by operating activities	430,772	44,131
Cash flows from investing activities:		
Purchase of capital assets	(64,947)	(52,867)
Payments on note purchase	18,846	7,836
Net cash (used in) provided by investing activities	(46,101)	(45,031)
Cash flows from financing activities:		
Payments on note payable	(69,250)	(79,250)
Net cash (used in) financing activities	(69,250)	(79,250)
Net increase (decrease) in cash and cash equivalents	315,421	(80,150)
Cash and cash equivalents at beginning of year	234,686	314,836
Cash and cash equivalents at end of year	$ 550,107	$ 234,686

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

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 Director's is made up of the City of Newark Engineer, Development Director, and Public Service Director, an attorney, and executives from local businesses.

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

B. Accounting Basis

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

C. Basis of Presentation

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

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows and for presentation of the Statement of Financial Position, the assets in the checking and investment accounts are considered to be cash and cash equivalents. The investment account consists of various short-term investments that mature within three months from the acquisition date and are considered cash equivalents.

E. Income Taxes

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

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

F. Use of Estimates

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

G. Accounting Pronouncements Adopted

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

H. Consolidation

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

- 4082 Ltd. holds a mortgage secured by real estate in Newark, Ohio. Funds used to purchase the mortgage were received from contributions made to 4082 Ltd. by local donors. The outstanding amount of the mortgage payable to the Corporation at December 31, 2018 and 2017 was $231,942 and $250,788, respectively.
- 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, 2018 and 2017 was $1,015,805 and $980,572, 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. Since there is only one function, there are no expenses that require allocation between functions.

2. Cash

The carrying value of cash deposits at December 31, 2018 and 2017 was $550,107 and $234,686, respectively. Deposits are insured by the Federal Deposit Insurance Corporation up to $250,000 per financial institution.

3. Restrictions on Net Assets

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

<u>Net assets without donor restrictions</u>: 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, 2018 and 2017, there were net assets with donor restrictions related to contributions received for a real estate project and pledges from local donors to assist with the payback of the promissory note for the Whites Field Turf Replacement project.

4. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

5. Risk Management

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

- General liability;
- Public officials' liability

6. Capital Assets

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

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Capital assets, not being depreciated: Land	$156,000	$ -	$ -	$156,000
Total capital assets, not being depreciated	156,000	-	-	156,000
Capital assets, being depreciated: Buildings and improvements	847,607	64,947	-	912,554
Total capital assets, being depreciated	847,607	64,947	-	912,554
Less accumulated depreciation: Buildings	23,035	-	29,714	52,749
Total accumulated depreciation	23,035	-	29,714	52,749
Total capital assets, being depreciated, net	824,572	64,947	29,714	859,805
Total capital assets, net	$980,572	$64,947	$29,714	$1,015,805

Capital Assets, as restated, consisted of the following at December 31, 2017:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Capital assets, not being depreciated: Land	$156,000	$ -	$ -	$156,000
Total capital assets, not being depreciated	156,000	-	-	156,000
Capital assets, being depreciated: Buildings and improvements	794,740	52,867	-	847,607
Total capital assets, being depreciated	794,740	52,867	-	847,607
Less accumulated depreciation: Buildings	-	-	23,035	23,035
Total accumulated depreciation	-	-	23,035	23,035
Total capital assets, being depreciated, net	794,740	52,867	23,035	824,572
Total capital assets, net	$ 950,740	$52,867	$23,035	$980,572

Capital assets are recorded at cost, less accumulated depreciation. Provisions for depreciation are computed under the straight-line method based upon the estimated useful lives of the assets. The Corporation's buildings and improvements will be depreciated over 40 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.

The Corporation restated its capital assets balance as of December 31, 2016 to account for office equipment that is considered part of the building. The office equipment was previously included as materials and supplies. This restatement had no effect on beginning net assets.

7. Long-Term Debt

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

8. Contributions

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

9. Accounts Receivable

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

10. 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. Long-term assets that are available for use within one year for general purposes include the portion of the note receivable expected to be received within one year from the balance sheet date.

	2018	2017
Financial assets at year-end	$ 901,241	$ 673,916
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted pledges for Whites Field promissory note	(119,192)	(188,442)
Notes receivable due in more than one year	(213,342)	(231,942)
Financial assets available to meet cash needs for general expenses within one year	$ 568,707	$ 253,532

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

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Serving Ohio Local Governments
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the consolidated financial statements of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio (a not-for-profit corporation), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 20, 2019.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Newark Development Partners Community Improvement Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the consolidated financial statements, but not to the extent necessary to opine on the effectiveness of the Newark Development Partners Community Improvement Corporation's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

Compliance and Other Matters

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

Newark Development Partners Community Improvement Corporation's Response to Finding

The Newark Development Partners Community Improvement Corporation's response to the finding identified in our audit is described in the accompanying schedule of finding and responses. We did not subject the Newark Development Partners Community Improvement Corporation's response to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Grube, Inc.
August 20, 2019

NEWARK DEVELOPMENT PARTNERS COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2018-001

Significant Deficiency - Financial Statement Presentation:

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. When outsourcing the financial reporting process to a third party, management is still responsible for preparing complete and accurate financial statements.

The following adjustment was made to the financial statements:

- An adjustment was made to reclassify $119,192 from "net assets without donor restriction" to "net assets with donor restrictions," to account for donor restricted balances for the year ended December 31, 2018.

Without additional procedures for control and monitoring activities associated with the period-end financial reporting process the Corporation is at risk of preparing incomplete or inaccurate financial statements.

We recommend the Corporation design and implement additional procedures, such as a second review of all donor restrictions to ensure balances are properly reflected in the financial statements. The Corporation has procedures in place to track the donor restrictions but should look to incorporate this into the financial reporting process. The Corporation could also consider having another member of management or the Board of Directors examine the report to provide a second review of the financial presentation. We also recommend the Corporation consult with its auditors, the Auditor of State and/or further consult with an accounting firm with nonprofit experience, to help ensure accurate financial reporting.

Client Response: We agree with the changes which have been made to comply with current accounting standards. However, the changes had no impact on the Net Assets of the Organization.

NEWARK DEVELOPMENT PARTNERS COMMUNITY IMPROVEMENT CORPORATION
LICKING COUNTY, OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2017-001	2014	Significant Deficiency - Financial Statement Presentation - Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. When outsourcing the financial reporting process to a third party, management is still responsible for preparing complete and accurate financial statements. Certain adjustments were made to the financial statements.	Not Corrected	Finding repeated as 2018-001 as certain adjustments were made to the current year report.

OHIO AUDITOR OF STATE
KEITH FABER

NEWARK DEVELOPMENT PARTNERS

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 17, 2019

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