CIRCLEVILLE-PICKAWAY
COMMUNITY IMPROVEMENT CORPORATION

PICKAWAY COUNTY
REGULAR AUDIT

For the Years Ended December 31, 2020 and 2019

Charles E. Harris
& Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

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Members of the Board
Circleville Pickaway Community Improvement Corporation
PO Box 506
Circleville, OH 43113

We have reviewed the *Independent Auditor's Report* of the Circleville Pickaway Community Improvement Corporation, Pickaway County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 13, 2021

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CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION
PICKAWAY COUNTY
December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Circleville-Pickaway Community Improvement Corporation
Pickaway County
1360 Lancaster Pike, Suite 111
Circleville, Ohio 43113

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Circleville-Pickaway Community Improvement Corporation, Pickaway County, Ohio (the Corporation), which comprise the statements of financial position as of December 31, 2020, 2019, and 2018 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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 Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Circleville-Pickaway Community Improvement Corporation, Pickaway County, Ohio, as of December 31, 2020, 2019, and 2018, and the changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, 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. 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 Corporation's internal control over financial reporting and compliance.

Charles E Harris Associates

Charles E. Harris & Associates, Inc.
June 28, 2021

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 364,450	$ 217,288
Certificate of deposit	51,538	102,546
Accounts receivable	218,600	234,150
Note receivable	17,280	17,280
Prepaid expenses	6,403	1,289
TOTAL CURRENT ASSETS	658,271	572,553
PROPERTY AND EQUIPMENT		
Office furniture and equipment	22,170	22,170
Accumulated depreciation	(17,816)	(16,353)
NET PROPERTY AND EQUIPMENT	4,354	5,817
OTHER ASSETS		
Investments	7,017	6,591
Long-term note receivable	4,910,870	5,300,000
TOTAL OTHER ASSETS	4,917,887	5,306,591
TOTAL ASSETS	$ 5,580,512	$ 5,884,961
LIABILITIES AND NET ASSETS		
CURRENT LIABILTIES		
Accounts payable	$ 1,147	$ 988
Accrued payroll and related taxes	14,806	9,336
Current portion of long term debt	397,975	389,130
TOTAL CURRENT LIABILITIES	413,928	399,454
LONG TERM LIABILITIES		
Jobs Ohio loan	4,512,895	4,910,870
TOTAL LIABILITIES	4,926,823	5,310,324
NET ASSETS		
Without donor restrictions	653,689	574,637
TOTAL NET ASSETS	653,689	574,637
TOTAL LIABILITIES AND NET ASSETS	$ 5,580,512	$ 5,884,961

See accompanying notes to financial statements.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2020 and 2019

	Without Donor Restrictions	
	2020	**2019**
SUPPORT AND REVENUE:		
Contributions	$ 852,946	$ 1,038,747
Interest income	227	4,380
Investment income	1,287	885
In-kind contributions	1,955	8,953
Loss on sale of assets	-	(16,708)
TOTAL SUPPORT AND REVENUE	856,415	1,036,257
EXPENSES:		
Personnel costs	223,779	233,330
Bad debt expense	500	-
Dues and subscriptions	13,292	13,579
Supplies	6,570	6,368
Meetings	-	2,094
Professional fees	19,922	26,817
Marketing	1,667	1,818
Utilities	1,310	2,511
Depreciation	1,463	1,094
Liability insurance	2,117	1,806
Interest expense	102,447	-
Bank fees	12,919	7,516
Travel and entertainment	2,216	200
Green building and lot expense	-	2,709
Projects	389,130	1,269,000
Miscellaneous	31	629
TOTAL EXPENSES	777,363	1,569,471
INCREASE (DECREASE) IN NET ASSETS	79,052	(533,214)
Net assets, beginning of year	574,637	1,107,851
Net assets, end of year	$ 653,689	$ 574,637

See accompanying notes to financial statements.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 79,052	$ (533,214)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	1,463	1,094
Unrealized (gain) loss in value of investments	(277)	(633)
Realized loss on sale of property	-	16,708
Changes in assets and liabilities:		
Accounts and note receivable	15,550	(155,500)
Accounts payable	159	(1,261)
Prepaid expenses	(5,114)	221
Long term note receivable	389,130	1,200,000
Accrued payroll and related taxes	5,471	(18)
Net cash provided by operating activities	485,434	527,397
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	-	(5,400)
Proceeds from disposition of investments	51,835	-
Interest and dividends reinvested	(977)	(2,967)
Net cash provided (used) by investing activities	50,858	(8,367)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on note payable	(389,130)	(1,200,000)
Net cash used by financing activities	(389,130)	(1,200,000)
Net increase (decrease) in cash and cash equivalents	147,162	(680,970)
Cash and cash equivalents at beginning of year	217,288	898,258
Cash and cash equivalents at end of year	$ 364,450	$ 217,288

See accompanying notes to financial statements.

ORGANIZATION AND NATURE OF ACTIVITIES

The Circleville-Pickaway Community Improvement Corporation (the Organization), doing business as the Pickaway Progress Partnership (P^3), is the economic development agent for Pickaway County and its municipalities. P^3 has three main objectives: promote and market the advantages of locating business in the County; promote a stronger business environment by facilitating retention and expansion efforts of local employers; and deliver a seamless network of economic development services and value-added programs to existing businesses, local government, and prospective companies throughout Pickaway County. P^3 is a non-profit corporation with a board of directors comprised of leaders from the public and private sectors. P^3 receives its funding from a variety of investors in the public and private sectors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents
Short-term, highly liquid investments that are readily convertible to known amounts of cash, including money market accounts, and have original maturities of three months or less are considered to be cash equivalents.

Accounts Receivable
Accounts receivable represents the portion of pledges due from contributors for that year that were not paid at year end. Management considers economic conditions affecting its donors as well as their historical performance in determining whether or not an allowance for doubtful accounts is necessary. Based on this assessment, management believes all amounts recorded are fully collectible.

Property and Equipment
All expenditures for property and equipment, including improvements that significantly extend an asset's life, are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, principally seven years for furniture and equipment, and 39 years for buildings and leasehold improvements. Expenditures for repair and maintenance are expensed as incurred. Donated property and equipment is recorded at fair value at the time of donation if the fair value can be reasonably determined.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. An impairment loss would be recognized in operations for the amount that the carrying value of an asset or asset group exceeds its fair value determined using applicable accounting standards.

Revenue and Expense Recognition
During the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The objective of this ASU is to significantly enhance comparability and clarify principles of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The ASU was applied retrospectively and required no adjustments to any previously reported balances and did not change how the Organization recognized revenue.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue and Expense Recognition - Continued
Revenues are recorded in the period for which they are awarded based upon signed contracts or, in the case of pledges, in the period the current year portion of the pledge becomes due. In the absence of a signed contract, revenues are recorded when earned or when the cash is received. Revenues received for specific purposes are used in accordance with applicable restrictions.

Expenses are included in operations in the period they are incurred.

Contributed Services and Materials
Unpaid volunteers have made significant contributions of their time in the furtherance of the Organization’s programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation. Contributed materials, if significant, are recorded in the statement of activities at fair value if readily determinable.

During the years ended December 31, 2020 and 2019, Pickaway County and other organizations made in-kind contributions in the form of office space, professional services, clerical support, materials and supplies and other services. In the event that these contributions could be reasonably valued and quantified, they were recorded in the statement of activities as “In-kind contributions” with offsetting expenses.

Income Taxes
The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization complies with Accounting Standards Codification (ASC) 740-10 related to uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. Management is not aware of any tax positions taken by the Organization on its tax returns that they consider to be uncertain or that will jeopardize its tax exempt status. Tax returns for the years ended 2017, 2018 and 2019 are open and subject to examination by the Internal Revenue Service.

Statement of Cash Flows
Cash and cash equivalents in the statement of cash flows includes restricted cash, when applicable. There were no cash payments for interest or income taxes during the years ended December 31, 2020 and 2019.

The statement of cash flows includes noncash transactions in the form of in-kind contributions and services in the amount of $1,955 ($8,953 in 2019). The amount recorded as contributions was offset by expenses of the same amount.

Liquidity Management
The Organization’s financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	$ 364,450
Certificate of deposit	51,538
Prepaid expenses	6,403
Receivables	218,600
Total	$ 640,991

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Liquidity Management - Continued
Those assets are sufficient to meet ordinary business expenses for approximately 10 months. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of its liquidity management, the Organization may invest in short-term investments to provide access to cash for unanticipated expenses effecting continuing operations, fund near-term strategic initiatives, and to manage investment risk.

Concentration of Credit Risk
The Organization's cash balances in financial institutions at times throughout the year may exceed federally insured limits. No losses in such accounts have been experienced and, as a result, management believes it is not exposed to any significant credit risk related to its cash deposits.

The Organization receives some of its support from individuals and businesses operating in Pickaway County. Continued support is somewhat dependent upon economic conditions in that geographic area.

Use of Estimates
The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Recent Accounting Standards
In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires recognition of a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) on the balance sheet. The guidance is effective for annual periods beginning after December 15, 2021 and will require either a modified retrospective transition approach be applied to all periods presented or the recording of the cumulative effect of applying the new standard to the opening balance of retained earnings. Management is currently evaluating the impact that the adoption will have on its financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements*, which is designed to improve the effectiveness of disclosures by removing, modifying and adding disclosures related to fair value measurement. ASU No. 2018-13 is effective for reporting periods beginning after December 15, 2020 and the ASU allows for early adoption. The adoption of this ASU is not expected to have a significant impact on the Organization's financial statements.

LEASE AND RENTAL AGREEMENTS

The Organization has an operating lease with Ohio Christian University for real property, improvements, structures, or part(s) thereof to be possessed and occupied by the Organization. This lease was entered into on January 1, 2019 and continues through December 31, 2038 with a renewal and month to month option at the end of the lease period. The lease calls for $1 as rent for the term. No in-kind rent has been recorded to reflect the fair value of the rental arrangement.

RETIREMENT PLAN

The Organization sponsors a qualified defined contribution retirement plan for its employees. Contributions made to the plan and recorded in the statement of activities for 2020 were $13,564 ($13,299 for 2019).

NOTES RECEIVABLE

During 2013, the Organization offered its warehouse building and five industrial lots for sale and, accordingly obtained an appraisal. In connection with that, the land and real property that was made available for sale was written down to its estimated net realizable value net of the expected 6% commission payable upon the sale, through a charge in the statement of activities of $490,750 and depreciation was discontinued. The warehouse building was sold May 31, 2017. The four industrial lots remaining were sold December 3, 2018 to a related party for $77,280, of which $17,280 is recorded as a receivable. According to the sales agreement, upon the subsequent sale of the lots by the purchaser, the Organization will also receive 50% of the sales proceeds in excess of $154,560. No amounts have been recorded to reflect this contingent receivable.

The long-term note receivable relates to the Jobs Ohio loan. Since the Organization will receive funds from tax jurisdictions and other entities if the tax funds don't meet the annual obligations, a receivable has been recorded and will decrease as the loan balance is paid. See Mortgage Notes Payable note for further discussion.

MORTGAGE NOTE PAYABLE

In November of 2016, the Organization secured a Jobs Ohio (JO) Growth Fund loan of up to $6,500,000. The loan is for the purpose of providing a portion of the financing of a natural gas line at a local project site. The loan term is 15 years and requires no payment for years one through three. During years four through fifteen, interest will accrue at an annual rate of 2% plus a service fee of .25%. The Organization had drawn $6,500,000 on the loan as of December 31, 2017. The Organization made a principal payment of $1,200,000 in 2019.

The JO loan will be repaid with a combination of Tax Increment Financing (TIF) and Joint Economic Development District (JEDD) payments from the Organization starting in year 4, with a minimum of $320,000 annually. As a result, a long-term receivable for that amount has been recorded. Should the TIF/JEDD payments fall below $320,000 in any given year, the guarantors, Sofidel S.p.A., an Italian corporation (Sofidel) and Sofidel America Corp., a Florida for-profit corporation (Sofidel America), will be required to make up the difference (minimum payment guarantee).

Principal payments required for the years subsequent to December 31, 2020 based on amounts outstanding are as follows:

2021	$ 397,975
2022	407,023
2023	416,277
2024	425,739
2025	435,418
2026 and after	2,828,438

INVESTMENTS

The investments represent an endowment fund held for the Organization at the Pickaway County Community Foundation and managed by the Columbus Foundation. The fund maintains a balanced portfolio with an equity exposure of 30-60%. The investments are presented on the statements of financial position at fair value on the year end date. Investment income, gains and losses are reported in the statement of activities and nets assets. The original cost of the investment was $6,018 at December 31, 2020 ($5,868 at December 31, 2019) and unrealized gains (losses) of $277 ($632 gain for 2019) were recorded for the years then ended.

FAIR VALUE MEASUREMENTS

The Organization complies with ASC 820 *Fair Value Measurements and Disclosures* to account for and report fair value. ASC 820 provides a single definition of fair value, a framework for measuring fair value and expanded disclosures concerning fair value. The standard defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair values of certain assets are determined based on the fair value hierarchy established in this standard, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The standard describes three levels within its hierarchy that may be used to measure fair value which are:

Level 1
Values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2
Values are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3
Values are generated from unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. These unobservable inputs would reflect management's estimates of assumptions that market participants would use in pricing related assets or liabilities. Valuation techniques might include the use of pricing models, discounted cash flow models or similar techniques.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FAIR VALUE MEASUREMENTS - Continued

The following table presents the assets and liabilities included in the statements of financial position that are carried at fair value measured on a recurring basis and indicates the level within the fair value hierarchy utilized to determine such value:

	Fair Value	Fair Value Measurements using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
December 31, 2020				
Investments	$ 7,017	$ 7,017	$ -	$ -
December 31, 2019				
Investments	$ 6,591	$ 6,591	$ -	$ -

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

An independent third party maintains the investments in a balanced mutual fund. The securities in the fund are publicly traded and the fair value is determined using the closing net asset value as of December 31, 2020 and 2019. As a result, these items are listed as Level 1.

The carrying amount of financial instruments classified as current assets and current liabilities, approximate fair value due to the short-term maturity of the instruments. Management believes it is not feasible to readily determine the fair value of its long-term receivables and liabilities due to the excessive cost involved.

SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States and the world. Although the disruption from COVID-19 is currently expected to be temporary, there is significant uncertainty around the duration and the overall impact on the economy. Due to this uncertainty, the Organization cannot reasonably estimate the impact of COVID-19 on its business operations, financial position and cash flows for the fiscal year ended December 31, 2021; however, there have been disruptions in operations and declining sales during the last few months in various industries throughout the country and the world. The Organization anticipates this disruption may have an adverse effect on the Organization's results of operations, financial position and cash flows for the year ended December 31, 2021.

Subsequent events were evaluated through February 3, 2021, which is the date the financial statements were available to be issued.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 217,288	$ 898,258
Certificate of deposit	102,546	100,247
Accounts receivable	234,150	78,650
Note receivable	17,280	17,280
Prepaid insurance	1,289	1,068
TOTAL CURRENT ASSETS	572,553	1,095,503
PROPERTY AND EQUIPMENT		
Leasehold improvements	-	23,658
Office furniture and equipment	22,170	16,770
	22,170	40,428
Accumulated depreciation	(16,353)	(22,211)
NET PROPERTY AND EQUIPMENT	5,817	18,217
OTHER ASSETS		
Investments	6,591	5,734
Long-term receivable	5,300,000	6,500,000
TOTAL OTHER ASSETS	5,306,591	6,505,734
TOTAL ASSETS	$ 5,884,961	$ 7,619,454
LIABILITIES AND NET ASSETS		
CURRENT LIABILTIES		
Accounts payable	$ 988	$ 2,249
Accrued payroll and related taxes	9,336	9,354
Current portion of long term debt	389,130	-
TOTAL CURRENT LIABILITIES	399,454	11,603
LONG TERM LIABILITIES		
Jobs Ohio loan	4,910,870	6,500,000
TOTAL LIABILITIES	5,310,324	6,511,603
NET ASSETS		
Without donor restrictions	574,637	1,107,851
TOTAL NET ASSETS	574,637	1,107,851
TOTAL LIABILITIES AND NET ASSETS	$ 5,884,961	$ 7,619,454

See accompanying notes to financial statements.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	$ 1,038,747	$ -	$ 1,038,747
Interest income	4,380	-	4,380
Investment income (loss)	885	-	885
In-kind contributions	8,953	-	8,953
Loss on sale of assets	(16,708)	-	(16,708)
TOTAL SUPPORT AND REVENUE	1,036,257	-	1,036,257
EXPENSES:			
Personnel costs	233,330	-	233,330
Dues and subscriptions	13,579	-	13,579
Supplies	6,368	-	6,368
Meetings	2,094	-	2,094
Professional fees	26,817	-	26,817
Marketing	1,818	-	1,818
Utilities	2,511	-	2,511
Depreciation	1,094	-	1,094
Liability insurance	1,806	-	1,806
Travel and entertainment	7,516	-	7,516
Repairs and maintenance	200	-	200
Green building and lot expense	2,709	-	2,709
Projects	1,269,000	-	1,269,000
Miscellaneous	629	-	629
TOTAL EXPENSES	1,569,471	-	1,569,471
INCREASE (DECREASE) IN NET ASSETS	(533,214)	-	(533,214)
Net assets, beginning of year	1,107,851	-	1,107,851
Net assets, end of year	$ 574,637	$ -	$ 574,637

See accompanying notes to financial statements.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	$ 1,072,882	$ -	$ 1,072,882
Interest income	925	-	925
Investment income (loss)	(207)	-	(207)
In-kind contributions	1,183	-	1,183
Loss on sale of assets	(54,040)	-	(54,040)
Other income	136	-	136
TOTAL SUPPORT AND REVENUE	1,020,879	-	1,020,879
EXPENSES:			
Bad debt	9,270	-	9,270
Personnel costs	229,449	-	229,449
Dues and subscriptions	12,921	-	12,921
Supplies	3,340	-	3,340
Meetings	2,047	-	2,047
Professional fees	34,735	-	34,735
Marketing	1,584	-	1,584
Utilities	3,438	-	3,438
Depreciation	975	-	975
Liability insurance	1,797	-	1,797
Travel and entertainment	8,546	-	8,546
Repairs and maintenance	850	-	850
Green building and lot expense	6,393	-	6,393
Projects	339,000	-	339,000
Employee health program	3,000	-	3,000
Miscellaneous	1,785	-	1,785
TOTAL EXPENSES	659,130	-	659,130
INCREASE IN NET ASSETS	361,749	-	361,749
Net assets, beginning of year	746,102	-	746,102
Net assets, end of year	$ 1,107,851	$ -	$ 1,107,851

See accompanying notes to financial statements.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (533,214)	$ 361,749
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	1,094	975
Unrealized (gain) loss in value of investments	(633)	463
Realized loss on sale of property	16,708	54,040
Changes in assets and liabilities:		
Accounts and note receivable	(155,500)	37,284
Accounts payable	(1,261)	(824)
Prepaid insurance	221	-
Long term receivable	1,200,000	-
Accrued payroll and related taxes	(18)	557
Net cash provided by operating activities	527,397	454,244
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(5,400)	-
Proceeds from disposition of investments	-	77,280
Interest and dividends reinvested	(2,967)	(460)
Net cash provided (used) by investing activities	(8,367)	76,820
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on note payable	(1,200,000)	-
Net cash used by financing activities	(1,200,000)	-
Net increase (decrease) in cash and cash equivalents	(680,970)	531,064
Cash and cash equivalents at beginning of year	898,258	367,194
Cash and cash equivalents at end of year	$ 217,288	$ 898,258

See accompanying notes to financial statements.

ORGANIZATION AND NATURE OF ACTIVITIES

The Circleville-Pickaway Community Improvement Corporation (the Organization), doing business as the Pickaway Progress Partnership (P^3), is the economic development agent for Pickaway County and its municipalities. P^3 has three main objectives: promote and market the advantages of locating business in the County; promote a stronger business environment by facilitating retention and expansion efforts of local employers; and deliver a seamless network of economic development services and value-added programs to existing businesses, local government, and prospective companies throughout Pickaway County. P^3 is a non-profit corporation with a board of directors comprised of leaders from the public and private sectors. P^3 receives its funding from a variety of investors in the public and private sectors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash, including money market accounts, and have original maturities of three months or less are considered to be cash equivalents.

Accounts Receivable

Accounts receivable represents the portion of pledges due from contributors for that year that were not paid at year end. Management considers economic conditions affecting its donors as well as their historical performance in determining whether or not an allowance for doubtful accounts is necessary. Based on this assessment, management believes all amounts recorded are fully collectible.

Property and Equipment

All expenditures for property and equipment, including improvements that significantly extend an asset’s life, are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, principally seven years for furniture and equipment, and 39 years for buildings and leasehold improvements. Expenditures for repair and maintenance are expensed as incurred. Donated property and equipment is recorded at fair value at the time of donation if the fair value can be reasonably determined.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. An impairment loss would be recognized in operations for the amount that the carrying value of an asset or asset group exceeds its fair value determined using applicable accounting standards.

Revenue and Expense Recognition

During the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The objective of this ASU is to significantly enhance comparability and clarify principles of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The ASU was applied retrospectively and required no adjustments to any previously reported balances and did not change how the Organization recognized revenue.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue and Expense Recognition - Continued
Revenues are recorded in the period for which they are awarded based upon signed contracts or, in the case of pledges, in the period the current year portion of the pledge becomes due. In the absence of a signed contract, revenues are recorded when earned or when the cash is received. Revenues received for specific purposes are used in accordance with applicable restrictions.

Expenses are included in operations in the period they are incurred.

Contributed Services and Materials
Unpaid volunteers have made significant contributions of their time in the furtherance of the Organization's programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation. Contributed materials, if significant, are recorded in the statement of activities at fair value if readily determinable.

During the years ended December 31, 2019 and 2018, Pickaway County and other organizations made in-kind contributions in the form of office space, professional services, clerical support, materials and supplies and other services. In the event that these contributions could be reasonably valued and quantified, they were recorded in the statement of activities as "In-kind contributions" with offsetting expenses.

Income Taxes
The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization complies with Accounting Standards Codification (ASC) 740-10 related to uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. Management is not aware of any tax positions taken by the Organization on its tax returns that they consider to be uncertain or that will jeopardize its tax exempt status. Tax returns for the years ended 2016, 2017 and 2018 are open and subject to examination by the Internal Revenue Service.

Statement of Cash Flows
Cash and cash equivalents in the statement of cash flows includes restricted cash, when applicable. There were no cash payments for interest or income taxes during the years ended December 31, 2019 and 2018.

The statement of cash flows includes noncash transactions in the form of in-kind contributions and services in the amount of $8,953 ($1,183 in 2018). The amount recorded as contributions was offset by expenses of the same amount.

Liquidity Management
The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	$217,288
Certificate of deposit	102,546
Receivables	251,430
Total	$571,264

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Liquidity Management - Continued

Those assets are sufficient to meet ordinary business expenses in excess of one year. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of its liquidity management, the Organization may invest in short-term investments to provide access to cash for unanticipated expenses effecting continuing operations, fund near-term strategic initiatives, and to manage investment risk.

Concentration of Credit Risk

The Organization's cash balances in financial institutions at times throughout the year may exceed federally insured limits. No losses in such accounts have been experienced and, as a result, management believes it is not exposed to any significant credit risk related to its cash deposits.

The Organization receives some of its support from individuals and businesses operating in Pickaway County. Continued support is somewhat dependent upon economic conditions in that geographic area.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Recent Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires recognition of a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) on the balance sheet. The ASU is effective for annual periods beginning after December 15, 2019 and requires a modified retrospective transition approach be applied to all periods presented. The Organization is currently evaluating the impact that the adoption will have on its financial statements for fiscal year 2020.

LEASE AND RENTAL AGREEMENTS

The Organization has an operating lease with Ohio Christian University for the real property, improvements, structures, or part(s) thereof to be possessed and occupied by the Organization. This lease was entered into on January 1, 2019 and continues through December 31, 2038 with a renewal and month to month option at the end of the lease period. The lease calls for $1 as rent for the term. No in-kind rent has been recorded to reflect the fair value of the rental arrangement.

RETIREMENT PLAN

The Organization sponsors a qualified defined contribution retirement plan for its employees. Contributions made to the plan and recorded in the statement of activities for 2019 were $13,299 ($16,740 for 2018).

LONG LIVED ASSETS AVAILABLE FOR SALE

During 2013, the Organization offered its warehouse building and five industrial lots for sale and, accordingly obtained an appraisal. In connection with that, the land and real property that was made available for sale was written down to its estimated net realizable value net of the expected 6% commission payable upon the sale, through a charge in the statement of activities of $490,750 and depreciation was discontinued. The warehouse building was sold May 31, 2017. The four industrial lots remaining were sold December 3, 2018. As required by generally accepted accounting principles, prior to the sale, these assets were presented separately on the statements of financial position as “Long-lived assets available for sale”. The original carrying value of the remaining assets (all land) was $139,702 at December 31, 2017. Since those assets were sold in 2018, there was no balance at December 31, 2018 and 2019.

Those remaining industrial lots were sold to a related party for $77,280, of which $17,280 is recorded as a receivable. According to the sales agreement, upon the subsequent sale of the lots by the purchaser, the Organization will also receive 50% of the sales proceeds in excess of $154,560. No amounts have been recorded to reflect this contingent receivable.

MORTGAGE NOTE PAYABLE

In November of 2016, the Organization secured a Jobs Ohio (JO) Growth Fund loan of up to $6,500,000. The loan is for the purpose of providing a portion of the financing of a natural gas line at a local project site. The loan term is 15 years and requires no payment for years one through three. During years four through fifteen, interest will accrue at an annual rate of 2% plus a service fee of .25%. The Organization had drawn $6,500,000 on the loan as of December 31, 2017. The Organization made a principal payment of $1,200,000 in 2019.

The JO loan will be repaid with a combination of Tax Increment Financing (TIF) and Joint Economic Development District (JEDD) payments from the Organization starting in year 4, with a minimum of $320,000 annually. As a result, a long-term receivable for that amount has been recorded. Should the TIF/JEDD payments fall below $320,000 in any given year, the guarantors, Sofidel S.p.A., an Italian corporation (Sofidel) and Sofidel America Corp., a Florida for-profit corporation (Sofidel America), will be required to make up the difference (minimum payment guarantee).

Principal payments required for the years subsequent to December 31, 2019 based on amounts outstanding are as follows:

2020	$ 389,130
2021	397,975
2022	407,023
2023	416,277
2024	425,739
2025 and after	3,263,856

INVESTMENTS

The investments represent an endowment fund held for the Organization at the Pickaway County Community Foundation and managed by the Columbus Foundation. The fund maintains a balanced portfolio with an equity exposure of 30-60%. The investments are presented on the statements of financial position at fair value on the year end date. Investment income, gains and losses are reported in the statement of activities and nets assets. The original cost of the investment was $5,868 at December 31, 2019 ($5,643 at December 31, 2018) and unrealized gains (losses) of $632 ($90 loss for 2018) were recorded for the year then ended.

GRANT INCOME

The Organization was awarded an Ohio Jobs Ready Site grant for $3.5 million in 2010. The purpose of the grant is to provide funds to help with the development of a former manufacturing site to be ready for immediate use. Work on the site was completed in 2018 and the Organization received the Ohio Job Ready Site Certification on September 17, 2018. The Organization received its final draw on this grant in 2017 ($304,905 in 2017), $105,000 of which was held until final certification was obtained. That amount was disbursed on September 24, 2018.

FAIR VALUE MEASUREMENTS

The Organization complies with FASB ASC 820 *Fair Value Measurements and Disclosures* to account for and report fair value. ASC 820 provides a single definition of fair value, a framework for measuring fair value and expanded disclosures concerning fair value. The standard defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair values of certain assets are determined based on the fair value hierarchy established in this standard, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The standard describes three levels within its hierarchy that may be used to measure fair value which are:

Level 1
Values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2
Values are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3
Values are generated from unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. These unobservable inputs would reflect management's estimates of assumptions that market participants would use in pricing related assets or liabilities. Valuation techniques might include the use of pricing models, discounted cash flow models or similar techniques.

FAIR VALUE MEASUREMENTS - Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table presents the assets and liabilities included in the statements of financial position that are carried at fair value measured on a recurring basis and indicates the level within the fair value hierarchy utilized to determine such value:

		Fair Value Measurements using:		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
December 31, 2019				
Investments	$ 6,591	$ 6,591	$ -	$ -
December 31, 2018				
Investments	$ 5,734	$ 5,734	$ -	$ -

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

An independent third party maintains the investments in a balanced mutual fund. The securities in the fund are publicly traded and the fair value is determined using the closing net asset value as of December 31, 2019 and 2018. As a result, these items are listed as Level 1.

The carrying amount of financial instruments classified as current assets and current liabilities, approximate fair value due to the short-term maturity of the instruments. Management believes it is not feasible to readily determine the fair value of its long-term receivables and liabilities due to the excessive cost involved.

SUBSEQUENT EVENTS

In March 2020, The World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States and the world. Although the disruption from COVID-19 is currently expected to be temporary, there is significant uncertainty around the duration and the overall impact on the economy. Due to this uncertainty, the Organization cannot reasonably estimate the impact of COVID-19 on their activities; however, they anticipate this disruption may have an adverse effect on the results of its operations, financial position and cash flows for the year ended December 31, 2020.

Subsequent events were evaluated through May 21, 2020, which is the date the financial statements were available to be issued.

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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*

Circleville-Pickaway Community Improvement Corporation
Pickaway County
1360 Lancaster Pike, Suite 111
Circleville, Ohio 43113

To the Board of Trustees:

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 financial statements of the Circleville-Pickaway Community Improvement Corporation, Pickaway County, Ohio (the Corporation) which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated June 28, 2021. We noted the financial impact of COVID-19 and the enduing emergency measures will impact subsequent periods of the Corporation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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*.

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 Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E Harris Associates

Charles E. Harris & Associates, Inc.
June 28, 2021

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OHIO AUDITOR OF STATE
KEITH FABER

CIRCLEVILLE PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

PICKAWAY 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 8/26/2021

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