

**HILLIARD DEVELOPMENT CORPORATION**  
FRANKLIN COUNTY, OHIO

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2022 & 2021**





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Columbus, Ohio 43215  
IPARepor@ohioauditor.gov  
(800) 282-0370

Board of Directors  
Hilliard Development Corporation  
3800 Municipal Way  
Hilliard, Ohio 43026

We have reviewed the *Independent Auditor's Report* of the Hilliard Development Corporation, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2022. 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 Hilliard Development Corporation is responsible for compliance with these laws and regulations.

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Keith Faber  
Auditor of State  
Columbus, Ohio

August 02, 2023

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**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

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## Independent Auditor's Report

Hilliard Development Corporation  
Franklin County  
3800 Municipal Way  
Hilliard, Ohio 43026

To the Members of the Board of Directors:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the Hilliard Development Corporation, Franklin County, Ohio, a not-for-profit corporation, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hilliard Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hilliard Development Corporation, as of December 31, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit 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. 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 Hilliard Development 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 opinions.

#### *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 Hilliard Development Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Hilliard Development 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 Hilliard Development 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.

***Required Supplementary Information***

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



Hilliard Development Corporation  
Franklin County  
Independent Auditor's Report

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023 on our consideration of the Hilliard Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hilliard Development 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 Hilliard Development Corporation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.  
June 22, 2023

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022

The discussion and analysis of the Hilliard Development Corporation's (the "Corporation") financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporations' financial performance.

**Financial Highlights**

Key financial highlights for 2022 are as follows:

- In total, net position was \$835,504 at December 31, 2022. This represents an increase of \$71,739, or 9.39% from December 31, 2021.
- During 2022, the Corporation had operating expenses of \$219,311 resulting in an operating loss of \$219,311. Nonoperating revenues consisted of contributions from the City of Hilliard, interest income, and a contribution from the City of Hilliard for the purchase of land totaling \$1,041,386. Nonoperating expenses consisted of land donated to the City of Hilliard of \$750,336. Total change in net position for the year was an increase of \$71,739.

**Using These Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation's financial activities. The *Statement of Net Position* and *Statement of Revenues, Expenses and Changes in Net Position* provide information about the activities of the Corporation, including all short-term and long-term financial resources and obligations.

**Reporting the Corporation's Financial Activities**

***Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows***

These documents look at all financial transactions and ask the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Corporation as a whole, the *financial position* of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 8 and 9 of this report.

The statement of cash flows provides information about how the Corporation finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 10 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 12-14 of this report.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022

The table below provides a summary of the Corporation's net position at December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
Current assets	\$ 843,335	\$ 765,625
Total assets	<u>843,335</u>	<u>765,625</u>
<b><u>Liabilities</u></b>		
Current liabilities	<u>7,831</u>	<u>1,860</u>
Total liabilities	<u>7,831</u>	<u>1,860</u>
<b><u>Net Position</u></b>		
Unrestricted	<u>835,504</u>	<u>763,765</u>
Total net position	<u>\$ 835,504</u>	<u>\$ 763,765</u>

Over time, net position can serve as a useful indicator of a Corporation's financial position. At December 31, 2022, the Corporation's net position totaled \$835,504.

At December 31, 2022, the Corporation had no amount of net position representing resources that are subject to external restriction on how they may be used. The entire balance of net position of \$835,504 is unrestricted and may be used to meet the Corporation's ongoing obligations.

Current assets and unrestricted net position increased primarily due to an increase in cash. Cash increased as a result of current year operations. During 2022, the Corporation donated land held for resale to the City of Hilliard with a carrying value of \$750,336.

Current liabilities increased due to outstanding legal and contracted expenses at December 31, 2022.

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**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022

The table below shows the changes in net position for 2022 and 2021.

	<b>2022</b>	<b>2021</b>
<b><u>Operating expenses</u></b>		
Administrative and general operating	\$ 395	\$ 2,185
Contract services	25,392	24,250
Legal fees	15,621	13,174
Grants	177,588	180,475
Other	315	116
Total operating expenses	219,311	220,200
Operating loss	(219,311)	(220,200)
<b><u>Nonoperating revenues (expenses)</u></b>		
Contributions from the City of Hilliard	322,435	251,616
Loss on sale of land held for resale	-	(32,791)
Interest income	425	1,605
Grants	-	100,000
Land donated to the City of Hilliard	(750,336)	-
Contribution from the City of Hilliard for land purchase	718,526	-
Total nonoperating revenues (expenses)	291,050	320,430
Change in net position	71,739	100,230
Net position at beginning of year	763,765	663,535
Net position at end of year	\$ 835,504	\$ 763,765

During 2022, the Corporation relied upon contributions from the City of Hilliard to support operations.

Operating expenses decreased \$889 from 2021 or 0.40% primarily to a decrease in grant operating expenses of the Corporation. The Corporation provided Coronavirus Relief Grant money to local small businesses in 2021 and did not have any grant money remaining in 2022 to give out.

During 2022, the City of Hilliard contributed \$322,435 to the Corporation. The City has a 6% hotel/motel tax, of which the City contributes one-half, or 3%, to the Corporation. This contribution is used to support the general operations of the Corporation and totaled \$322,435 for 2022. In 2022, the City of Hilliard gave the Corporation \$718,526 to purchase land located on Brown Park Drive. The Corporation purchased the land on August 30, 2022, and donated the land to the City on December 28, 2022.

**Capital Assets**

At December 31, 2022, the Corporation had no capital assets

**Debt Obligations**

At December 31, 2022, the Corporation had no long-term debt obligations.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Current Financial Related Activities**

The Corporation is reliant upon grants from the City of Hilliard to support operations. The purpose of the Corporation is to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Hilliard.

**Contacting the Corporation's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. David Meadows, Secretary, Hilliard Development Corporation, 3800 Municipal Way, Hilliard, Ohio, 43026.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2022

**ASSETS**

Current assets:

Cash	\$ 816,844
Receivables:	
Due from the City of Hilliard	26,287
Prepayments	<u>204</u>
Total assets	<u>843,335</u>

**LIABILITIES**

Current liabilities:

Accounts payable	<u>7,831</u>
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**NET POSITION**

Unrestricted	<u><u>\$ 835,504</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2022

**OPERATING EXPENSES**

Administrative and general operating	\$ 395
Contract services	25,392
Legal fees	15,621
Grants	177,588
Other	315
Total operating expenses	<u>219,311</u>
OPERATING LOSS	(219,311)

**NONOPERATING REVENUES (EXPENSES)**

Contributions from the City of Hilliard	322,435
Interest income	425
Land donated to City of Hilliard (Note 7)	(750,336)
Contribution from the City of Hilliard for land purchase (Note 7)	718,526
Total nonoperating revenues (expenses)	<u>291,050</u>
CHANGE IN NET POSITION	71,739
Net position at beginning of year	<u>763,765</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$ 835,504</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash payments for administrative and general operating	\$ (395)
Cash payments for contract services	(20,451)
Cash payments for legal fees	(14,650)
Cash payments for grants	(177,588)
Cash payments for other operating expenses	(315)
	(213,399)
Net cash (used in) operating activities	(213,399)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Contributions received from the City of Hilliard	318,187
Contributions received from the City of Hilliard for land purchase (Note 7)	718,526
Purchase of land held for resale (Note 7)	(750,336)
	286,377
Net cash provided by noncapital financing activities	286,377

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest received	425
	425
Net cash provided by investing activities	425

NET INCREASE IN CASH	73,403
Cash at beginning of year	743,441
<b>CASH AT END OF YEAR</b>	<b>\$ 816,844</b>

**RECONCILIATION OF OPERATING LOSS  
TO NET CASH (USED IN) OPERATING ACTIVITIES**

Operating loss	\$ (219,311)
Changes in assets and liabilities:	
(Increase) in prepayments	(59)
Increase in accounts payable	5,971
	(213,399)
Net cash (used in) operating activities	\$ (213,399)

**Noncash Transactions:**

During 2022, the Corporation donated land to the City of Hilliard with a carrying value of \$750,336.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 1 - PURPOSE AND NATURE OF OPERATIONS**

The Hilliard Development Corporation of Franklin County, Ohio, (the “Corporation”) is a not-for-profit corporation created on January 2, 2015 pursuant to Chapters 1702 and 1724 of the Ohio Revised Code to serve as an agency of the City of Hilliard, Ohio for industrial, commercial, distribution and research development (and redevelopment) for the City of Hilliard and carrying out such plan.

The sole class of members of the Corporation shall be the individual serving as Directors of the Corporation (the “Director”). The authority of the Corporation shall be exercised by its Board of Directors. The number of Directors shall be fixed at seven (7), no fewer than three of whom shall be members of the Hilliard City Council or appointed officials or employees of the City of Hilliard. Hilliard City Council shall elect Directors. Directors, other than City Directors serve two-year terms and may be reelected without limitation. City Directors serve terms of one year and may be reelected without limitation. Any Director may be removed from office, with or without cause, by vote of the City Council. At December 31, 2022, there were seven Directors serving on the Board of Directors of the Corporation.

Management believes the financial statements included in this report represent all of the activities over which the Corporation is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation’s significant accounting policies are described below.

**A. Basis of Accounting and Measurement Focus**

The basic financial statements of the Corporation have been prepared on the accrual basis of accounting in conformity with GAAP and accordingly reflect all significant receivables, payables, and other liabilities. The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities and deferred inflows of resources associated with the operation are included on the statement of net position. The operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net position.

**B. Basis of Presentation**

The Corporation’s basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Corporation’s principal ongoing operation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Nonoperating revenues consisted of contributions from the City of Hilliard to support operations and to purchase property (see Note 4), interest revenue, and grants.

**C. Cash**

Cash consists of one depository account and one money market account.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Payables**

The Corporation recognizes expenses when due, but unpaid as of year-end. The Corporation's payables represent monies owed at year-end for legal fees and services provided in 2022.

**E. Receivables**

The Corporation recognizes revenue for amounts due, but not received, as of year-end. The Corporation's receivables represent monies due from the City of Hilliard for December 2022 hotel/motel tax not received until January 2023.

**F. Uses of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**G. Restricted Assets**

Assets are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by the debt agreements, creditors, grant contributors, or laws or regulations of other governments. The Corporation did not have any restricted assets at December 31, 2022.

**H. Net Position**

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**I. Federal Income Tax**

The Hilliard Development Corporation is exempt from federal income tax under section 501(C)(6) of the Internal Revenue Code.

**J. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**NOTE 3 - CASH**

At December 31, 2022, the carrying amount of the Corporation's deposits was \$816,844 and the bank balance was \$819,155. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2022, all of the Corporation's bank balance was covered by the National Credit Union Share Insurance Fund. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**NOTE 4 - CONTRIBUTION REVENUE**

During 2022, the Corporation recognized \$322,435 in contributions from the City of Hilliard which equals 50% of the 6% City of Hilliard hotel/motel excise tax levied and collected pursuant to Ohio Revised Code Section 5739.08(A). The contribution of hotel/motel excise taxes are to be provided by the City of Hilliard to the Corporation on a monthly basis with payment due within thirty days of such tax funds being deposited by the City of Hilliard.

**NOTE 5 - RISK MANAGEMENT**

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. The Corporation manages these risks through commercial insurance policies purchased by the Corporation. Settled claims have not exceeded commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

**NOTE 6 - LITIGATION**

The Corporation is not party to any legal proceedings as either plaintiff or defendant.

**NOTE 7 - LAND HELD FOR RESALE**

The Corporation had the following activity in land held for resale:

Property	Balance 12/31/2021	Additions	Disposals	Balance 12/31/2022
Brown property	\$ -	\$ 750,336	\$ (750,336)	\$ -

On August 30, 2022, the Corporation acquired real property located at Brown Park Drive Hilliard, Ohio for \$750,336. This property was acquired for community purposes. On December 28, 2022, the Corporation donated the property to the City of Hilliard.

**NOTE 8 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended April 2023. The financial impact of COVID-19 and the emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

The discussion and analysis of the Hilliard Development Corporation's (the "Corporation") financial performance provides an overall review of the Corporation's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporations' financial performance.

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- In total, net position was \$763,765 at December 31, 2021. This represents an increase of \$100,230, or 15.11% from December 31, 2020.
- During 2021, the Corporation had operating expenses of \$220,200 resulting in an operating loss of \$220,200. Nonoperating revenues consisted of contributions from the City of Hilliard, interest income, and grants totaling \$353,221. Nonoperating expenses consisted of a loss on the sale of land held for resale of \$32,791. Total change in net position for the year was an increase of \$100,230.

**Using These Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Corporation's financial activities. The *Statement of Net Position* and *Statement of Revenues, Expenses and Changes in Net Position* provide information about the activities of the Corporation, including all short-term and long-term financial resources and obligations.

**Reporting the Corporation's Financial Activities**

***Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows***

These documents look at all financial transactions and ask the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Corporation's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Corporation as a whole, the *financial position* of the Corporation has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 19 and 20 of this report.

The statement of cash flows provides information about how the Corporation finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 21 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 23-25 of this report.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

The table below provides a summary of the Corporation's net position at December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>		
Current assets	\$ 765,625	\$ 666,286
Total assets	<u>765,625</u>	<u>666,286</u>
<b><u>Liabilities</u></b>		
Current liabilities	<u>1,860</u>	<u>2,751</u>
Total liabilities	<u>1,860</u>	<u>2,751</u>
<b><u>Net Position</u></b>		
Unrestricted	<u>763,765</u>	<u>663,535</u>
Total net position	<u>\$ 763,765</u>	<u>\$ 663,535</u>

Over time, net position can serve as a useful indicator of a Corporation's financial position. At December 31, 2021, the Corporation's net position totaled \$763,765.

At December 31, 2021, the Corporation had no amount of net position representing resources that are subject to external restriction on how they may be used. The entire balance of net position of \$763,765 is unrestricted and may be used to meet the Corporation's ongoing obligations.

Current assets and unrestricted net position increased primarily due to an increase in cash. Cash increased as a result of current year operations. During 2021, the Corporation sold land held for resale for a purchase price of \$4,927,453.

Current liabilities decreased due to outstanding legal expenses at December 31, 2021.

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**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

The table below shows the changes in net position for 2021 and 2020.

	<b>2021</b>	<b>2020</b>
<b><u>Operating expenses</u></b>		
Administrative and general operating	\$ 2,185	\$ 12,764
Contract services	24,250	16,755
Legal fees	13,174	24,534
Grants	180,475	238,784
Other	116	211
Total operating expenses	220,200	293,048
Operating loss	(220,200)	(293,048)
<b><u>Nonoperating revenues (expenses)</u></b>		
Contributions from the City of Hilliard	251,616	169,747
Loss on sale of land held for resale	(32,791)	-
Interest income	1,605	4,240
Grants	100,000	231,174
Total nonoperating revenues (expenses)	320,430	405,161
Change in net position	100,230	112,113
Net position at beginning of year	663,535	551,422
Net position at end of year	\$ 763,765	\$ 663,535

During 2021, the Corporation relied upon contributions from the City of Hilliard to support operations.

Operating expenses decreased \$72,848 from 2020 or 24.86% primarily to a decrease in grant operating expenses of the Corporation. The Corporation had less Coronavirus Relief Grant money to give grants to local small businesses in 2021. During 2021, the Corporation disbursed two grants for facade improvements.

During 2021, the City of Hilliard contributed \$251,616 to the Corporation. The City has a 6% hotel/motel tax, of which the City contributes one-half, or 3%, to the Corporation. This contribution is used to support the general operations of the Corporation and totaled \$251,616 for 2021. In 2021, the Corporation received \$100,000 in Coronavirus Relief grants to grant to local businesses during the Coronavirus pandemic.

**Capital Assets**

At December 31, 2021, the Corporation had no capital assets

**Debt Obligations**

At December 31, 2021, the Corporation had no long-term debt obligations.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Current Financial Related Activities**

The Corporation is reliant upon grants from the City of Hilliard to support operations. The purpose of the Corporation is to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Hilliard.

**Contacting the Corporation's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. David Meadows, Secretary, Hilliard Development Corporation, 3800 Municipal Way, Hilliard, Ohio, 43026.



**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2021

**ASSETS**

Current assets:

Cash	\$ 743,441
Receivables:	
Due from the City of Hilliard	22,039
Prepayments	<u>145</u>
Total assets	<u>765,625</u>

**LIABILITIES**

Current liabilities:

Accounts payable	<u>1,860</u>
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**NET POSITION**

Unrestricted	<u><u>\$ 763,765</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021

**OPERATING EXPENSES**

Administrative and general operating	\$ 2,185
Contract services	24,250
Legal fees	13,174
Grants	180,475
Other	116
Total operating expenses	<u>220,200</u>
OPERATING LOSS	(220,200)

**NONOPERATING REVENUES (EXPENSES)**

Contributions from the City of Hilliard	251,616
Interest income	1,605
Loss on sale of land held for resale (Note 7)	(32,791)
Grants	100,000
Total nonoperating revenues (expenses)	<u>320,430</u>
CHANGE IN NET POSITION	100,230
Net position at beginning of year	<u>663,535</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$ 763,765</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash payments for administrative and general operating	\$ (2,185)
Cash payments for contract services	(23,562)
Cash payments for legal fees	(14,815)
Cash payments for grants	(180,475)
Cash payments for other operating expenses	(116)
	(221,153)
Net cash (used in) operating activities	(221,153)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Contributions received from the City of Hilliard	240,714
Cash received from grants	100,000
Sale of land held for resale (Note 7)	4,927,453
Purchase of land held for resale (Note 7)	(4,368,393)
	899,774
Net cash provided by noncapital financing activities	899,774

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest received	1,605
	1,605
Net cash provided by investing activities	1,605
NET INCREASE IN CASH	680,226
Cash at beginning of year	63,215
<b>CASH AT END OF YEAR</b>	<b>\$ 743,441</b>

**RECONCILIATION OF OPERATING LOSS  
TO NET CASH (USED IN) OPERATING ACTIVITIES**

Operating loss	\$ (220,200)
Changes in assets and liabilities:	
(Increase) in prepayments	(62)
(Decrease) in accounts payable	(891)
	(953)
Net cash (used in) operating activities	\$ (221,153)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 1 - PURPOSE AND NATURE OF OPERATIONS**

The Hilliard Development Corporation of Franklin County, Ohio, (the “Corporation”) is a not-for-profit corporation created on January 2, 2015 pursuant to Chapters 1702 and 1724 of the Ohio Revised Code to serve as an agency of the City of Hilliard, Ohio for industrial, commercial, distribution and research development (and redevelopment) for the City of Hilliard and carrying out such plan.

The sole class of members of the Corporation shall be the individual serving as Directors of the Corporation (the “Director”). The authority of the Corporation shall be exercised by its Board of Directors. The number of Directors shall be fixed at seven (7), no fewer than three of whom shall be members of the Hilliard City Council or appointed officials or employees of the City of Hilliard. Hilliard City Council shall elect Directors. Directors, other than City Directors serve two-year terms and may be reelected without limitation. City Directors serve terms of one year and may be reelected without limitation. Any Director may be removed from office, with or without cause, by vote of the City Council. At December 31, 2021, there were seven Directors serving on the Board of Directors of the Corporation.

Management believes the financial statements included in this report represent all of the activities over which the Corporation is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Corporation’s significant accounting policies are described below.

**A. Basis of Accounting and Measurement Focus**

The basic financial statements of the Corporation have been prepared on the accrual basis of accounting in conformity with GAAP and accordingly reflect all significant receivables, payables, and other liabilities. The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities and deferred inflows of resources associated with the operation are included on the statement of net position. The operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net position.

**B. Basis of Presentation**

The Corporation’s basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Corporation’s principal ongoing operation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Nonoperating revenues consisted of contributions from the City of Hilliard to support operations and to purchase property (see Note 4), interest revenue, and grants.

**C. Cash**

Cash consists of one depository account and one money market account.

**D. Payables**

The Corporation recognizes expenses when due, but unpaid as of year-end. The Corporation’s payables represent monies owed at year-end for legal fees and services provided in 2021.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Receivables**

The Corporation recognizes revenue for amounts due, but not received, as of year-end. The Corporation's receivables represent monies due from the City of Hilliard for December 2021 hotel/motel tax not received until January 2022.

**F. Uses of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**G. Restricted Assets**

Assets are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by the debt agreements, creditors, grant contributors, or laws or regulations of other governments. The Corporation did not have any restricted assets at December 31, 2021.

**H. Net Position**

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**I. Federal Income Tax**

The Hilliard Development Corporation is exempt from federal income tax under section 501(C)(6) of the Internal Revenue Code.

**J. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**K. Grant Revenue**

During 2021 the Corporation reported a \$100,000 Coronavirus Relief Grant. The Coronavirus Relief Grant was provided for making small business grants to local companies. Revenues from grants are recognized as nonoperating revenue in the accounting period in which it is earned, essentially the same as the fiscal year.

**NOTE 3 - CASH**

At December 31, 2021, the carrying amount of the Corporation's deposits was \$743,441 and the bank balance was \$754,551. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2021, all of the Corporation's bank balance was covered by the National Credit Union Share Insurance Fund. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

**HILLIARD DEVELOPMENT CORPORATION  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 4 - CONTRIBUTION REVENUE**

During 2021, the Corporation recognized \$251,616 in contributions from the City of Hilliard which equals 50% of the 6% City of Hilliard hotel/motel excise tax levied and collected pursuant to Ohio Revised Code Section 5739.08(A). The contribution of hotel/motel excise taxes are to be provided by the City of Hilliard to the Corporation on a monthly basis with payment due within thirty days of such tax funds being deposited by the City of Hilliard.

**NOTE 5 - RISK MANAGEMENT**

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. The Corporation manages these risks through commercial insurance policies purchased by the Corporation. Settled claims have not exceeded commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

**NOTE 6 - LITIGATION**

The Corporation is not party to any legal proceedings as either plaintiff or defendant.

**NOTE 7 - LAND HELD FOR RESALE**

The Corporation had the following activity in land held for resale:

Property	Balance 12/31/2020	Additions	Disposals	Balance 12/31/2021
Franklin Street	\$ 541,851	\$ 15,465	\$ (557,316)	\$ -
Jerman property	50,000	4,352,928	(4,402,928)	-
	<u>\$ 591,851</u>	<u>\$ 4,368,393</u>	<u>\$ (4,960,244)</u>	<u>\$ -</u>

On August 7, 2020, the Corporation acquired real property located at 5460 Franklin Street, Hilliard, Ohio for \$541,851. This property was acquired for community purposes. During 2021, the Corporation incurred an additional \$15,465 in expense. The Corporation sold the property to Old Hilliard Ltd. on January 8, 2021 for \$565,000.

During 2020, the Corporation put a \$50,000 deposit down to purchase the Jerman property. On January 21, 2021, the Corporation acquired real property on the Jerman property located in Hilliard, Ohio for \$4,352,928. This property was acquired for community purposes. During 2021, the Corporation transferred the property to the City of Hilliard and was advanced \$4,362,453 for costs incurred by the Corporation.

**NOTE 8 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended April 2023. During 2021, the Corporation received COVID-19 funding. The financial impact of COVID-19 and the emergency measures will impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The 2021 activity includes, \$100,000 which was sub-granted to organizations. This amount is reflected as grant expense on the accompanying financial statements

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

Hilliard Development Corporation  
Franklin County  
3800 Municipal Way  
Hilliard, Ohio 43026

To the Members of 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, the financial statements of the Hilliard Development Corporation, Franklin County, Ohio, a not-for-profit corporation, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Hilliard Development Corporation's basic financial statements, and have issued our report thereon dated June 22, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hilliard Development 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hilliard Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hilliard Development 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 Hilliard Development 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.



Hilliard Development Corporation

Franklin County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

As part of obtaining reasonable assurance about whether the Hilliard Development 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 Hilliard Development 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 Hilliard Development Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

June 22, 2023

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# OHIO AUDITOR OF STATE KEITH FABER



**HILLIARD DEVELOPMENT CORPORATION**

**FRANKLIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/15/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)