

**NEWARK DEVELOPMENT PARTNERS  
COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY, OHIO**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**CHERI HOTTINGER, ASSISTANT SECRETARY**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Newark Development Partners Community Improvement Corporation, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

October 12, 2017

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**NEWARK DEVELOPMENT PARTNERS COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

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

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying consolidated financial statements of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio, (a not-for-profit corporation), which comprise the consolidated statements of net assets, the consolidated statements of receipts, disbursements and changes in net assets and the consolidated statements of cash flow, as of and for the years ended December 31, 2016 and 2015, and the related notes to the consolidated financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to opine on these consolidated financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the 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 those risks of financial statement material misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Newark Development Partners Community Improvement Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Newark Development Partners Community Improvement Corporation's internal control. Accordingly, we express no 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 overall financial statement presentation.

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

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio, as of December 31, 2016 and 2015, and the changes in its 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 Note 1, in 2016 the Newark Development Partners Community Improvement Corporation presented consolidated financial statements to include its two newly formed limited liability companies. 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 July 27, 2017, on our consideration of the Newark Development Partners Community Improvement Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Newark Development Partners Community Improvement Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 27, 2017



**NEWARK DEVELOPMENT PARTNERS  
COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY**

**CONSOLIDATED STATEMENTS OF NET ASSETS**

**DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current Assets		
Equity in Pooled Cash and		
Cash Equivalents	\$ 206,785	\$ 77,524
Materials and Supplies	740	-
Accounts Receivable	<u>267,750</u>	<u>498,000</u>
Total Current Assets	475,275	575,524
Noncurrent Assets		
Note Receivable	366,675	45
Capital Assets		
Non-depreciable Capital Assets	156,000	223,023
Depreciable Capital Assets, Net	<u>794,000</u>	<u>-</u>
Total Noncurrent Assets	<u>1,316,675</u>	<u>223,068</u>
Total Assets	<u>\$ 1,791,950</u>	<u>\$ 798,592</u>
<b>Liabilities</b>		
Current Liabilities		
Note Payable	\$ -	\$ 223,023
Accounts Payable	<u>1,890</u>	<u>1,816</u>
Total Current Liabilities	1,890	224,839
Long-Term Debt	<u>255,147</u>	<u>457,397</u>
Total Liabilities	257,037	682,236
<b>Net Assets</b>		
Unrestricted	<u>1,534,913</u>	<u>116,356</u>
Total Liabilities and Net Assets	<u>\$ 1,791,950</u>	<u>\$ 798,592</u>

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

**NEWARK DEVELOPMENT PARTNERS  
COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY**

**CONSOLIDATED STATEMENTS OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN NET ASSETS**

**FOR THE YEARS ENDING DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Receipts</b>		
Contributions	\$ 805,987	\$ 1,264,725
Grants	106,188	59,656
Miscellaneous	8,586	3,635
Total Operating Receipts	<u>920,761</u>	<u>1,328,016</u>
<b>Operating Disbursements</b>		
Programs	331,814	1,137,494
Wages	91,017	85,050
Contractual Services	9,492	10,623
Supplies	2,598	9,679
Other	16,162	7,518
Total Operating Disbursements	<u>451,083</u>	<u>1,250,364</u>
Operating - Net	469,678	77,652
<b>Nonoperating Receipts (Disbursements)</b>		
Interest and Fiscal Charges	(12,251)	(7,896)
Donations	950,000	-
Investment income	11,130	-
Total Nonoperating Receipts (Disbursements)	<u>948,879</u>	<u>(7,896)</u>
Increase in Net Assets	1,418,557	69,756
Net Assets Beginning of Year	<u>116,356</u>	<u>46,600</u>
Net Assets End of Year	<u>\$ 1,534,913</u>	<u>\$ 116,356</u>

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

**NEWARK DEVELOPMENT PARTNERS  
COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY**

**CONSOLIDATED STATEMENTS OF CASH FLOW  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Cash received from contributions . . . . .	\$ 1,036,237	\$ 771,725
Cash received from grants . . . . .	106,188	59,656
Cash received from miscellaneous sources . . . . .	8,586	3,635
Cash payments for programs . . . . .	(331,814)	(1,137,494)
Cash payments for wages . . . . .	(91,017)	(87,481)
Cash payments for contractual services . . . . .	(9,418)	(9,248)
Cash payments for supplies . . . . .	(3,338)	(9,679)
Cash payments for other expenses . . . . .	(16,162)	(7,518)
Net cash provided by (used in) operating activities . . . . .	699,262	(416,404)
<b>Cash flows from capital and related financing activities:</b>		
Cash used for note purchase . . . . .	(366,630)	(45)
Proceeds from sale of Capital Assets . . . . .	223,023	-
Purchase of Capital Assets . . . . .	-	(223,023)
Payments on Long-Term Debt . . . . .	(425,273)	(1,012)
Proceeds from Long-Term Debt . . . . .	-	681,432
Interest and fiscal charges . . . . .	(12,251)	(7,896)
Net cash provided by (used in) capital and related financing activities. . . . .	(581,131)	449,456
<b>Cash flows from investing activities:</b>		
Cash received from investment income. . . . .	11,130	-
Net cash provided by (used in) investing activities . . . . .	11,130	-
Net increase (decrease) in cash and cash equivalents . . . . .	129,261	33,052
<b>Cash and investments at beginning of year . . . . .</b>	<b>77,524</b>	<b>44,472</b>
<b>Cash and investments at end of year . . . . .</b>	<b>\$ 206,785</b>	<b>\$ 77,524</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss) . . . . .	\$ 469,678	\$ 77,652
(Increase) Decrease in Materials and supplies . . . . .	(740)	-
(Increase) Decrease in Accounts receivable. . . . .	230,250	(493,000)
Increase (Decrease) in Accounts payable . . . . .	74	1,341
Increase (Decrease) in Accrued payroll . . . . .	-	(2,431)
(Increase) Decrease in Prepayments . . . . .	-	34
Net cash provided by (used in) operating activities . . . . .	<b>\$ 699,262</b>	<b>\$ (416,404)</b>

The Corporation received a \$950,000 non-cash capital donation in 2016.

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

**NEWARK DEVELOPMENT PARTNERS  
COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Newark Development Partners Community Improvement Corporation (the Corporation) was incorporated on April 23, 2012. The Corporation is a nonprofit entity which was formed for the specific purpose to advance, encourage, and promote the industrial, economic, commercial, and civic development of Licking County, Ohio, and to relieve County government from the responsibility for economic development functions such as retention and expansion and the enterprise zone/community reinvestment area program. The Board of Director's is made up of the City of Newark Engineer, Development Director, and Public Service Director, an attorney, and executives from local businesses.

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

**B. Accounting Basis**

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

**C. Basis of Presentation**

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (ASC). Under FASB ASC, the Corporation is required to report information regarding its net assets and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2016, and 2015, net assets of the Corporation are unrestricted.

**D. Cash and Cash Equivalents**

For purposes of the Consolidated Statements of Cash Flow and for presentation of the Consolidated Statements of Net Assets, all cash in checking accounts are considered to be cash and cash equivalents.

**E. Income Taxes**

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

**NEWARK DEVELOPMENT PARTNERS  
COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**F. Use of Estimates**

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

**G. Consolidation**

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

- 4082 Ltd. holds a mortgage secured by real estate in Newark, Ohio. Funds used to purchase the mortgage were received from contributions made to 4082 Ltd. by local donors. The outstanding amount of the mortgage payable to the Corporation at December 31, 2016 is \$366,675.
- NDP-195 Union LLC owns a commercial rental property in Newark, Ohio. The property was donated to NDP-195 LLC in December of 2016. The book value of the property at December 31, 2016 is \$950,000.

The consolidated financial statements include the accounts of the Corporation and the two limited liability companies. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

**H. Capital Assets**

Capital assets are recorded at cost, less accumulated depreciation. Provisions for depreciation are computed under the straight-line method based upon the estimated useful lives of the assets. The Corporation's buildings will be depreciated over 40 years. Capital assets that are donated are recorded at their fair value on the date of receipt. The Corporation maintains a capitalization threshold of \$1,000.

**2. Cash**

The carrying value of cash deposits at December 31, 2016 and 2015 was \$206,785 and \$77,524 respectively. Deposits are fully insured by the Federal Deposit Insurance Corporation.

**3. Restriction of Net Assets**

The Corporation did not have any restrictions on cash as of December 31, 2016 and 2015.

**NEWARK DEVELOPMENT PARTNERS  
COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**4. Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

**5. Risk Management**

**Commercial Insurance**

The Corporation has obtained commercial insurance for the following risks:

- General liability;
- Public officials liability

**6. Capital Assets**

Capital Assets consisted of the following at December 31, 2016:

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
<i>Capital assets, not being depreciated:</i>				
Land	\$ 223,023	\$ 156,000	\$ (223,023)	\$ 156,000
<i>Total capital assets, not being depreciated</i>	<u>223,023</u>	<u>156,000</u>	<u>(223,023)</u>	<u>156,000</u>
<i>Capital assets, being depreciated:</i>				
Buildings	-	794,000	-	794,000
<i>Total capital assets, being depreciated</i>	<u>-</u>	<u>794,000</u>	<u>-</u>	<u>794,000</u>
Less accumulated depreciation:				
Buildings	-	-	-	-
<i>Total accumulated depreciation</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>794,000</u>	<u>-</u>	<u>794,000</u>
<b>Total capital assets, net</b>	<u>\$ 223,023</u>	<u>\$ 950,000</u>	<u>\$ (223,023)</u>	<u>\$ 950,000</u>

Capital Assets consisted of the following at December 31, 2015:

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
<i>Capital assets, not being depreciated:</i>				
Land	\$ -	\$ 223,023	\$ -	\$ 223,023
<i>Total capital assets, not being depreciated</i>	<u>-</u>	<u>223,023</u>	<u>-</u>	<u>223,023</u>
<b>Total capital assets, net</b>	<u>\$ -</u>	<u>\$ 223,023</u>	<u>\$ -</u>	<u>\$ 223,023</u>

**NEWARK DEVELOPMENT PARTNERS  
COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

**7. Long-Term Debt**

In June of 2015, the Corporation issued two promissory notes for the White Field Turf Replacement project for Newark City Schools. The first note, issued June 1, 2015, was for a maximum of \$350,000, however, the Corporation only financed \$223,023 in 2015. The note matured December 1, 2015 and was renewed and repaid in 2016. The note had an interest rate of 3.25%.

The second note, issued June 17, 2015, was for a maximum of \$600,000; however, the Corporation only financed \$458,409 in 2015. It has an interest rate of 4.50%. The note matures June 17, 2020. The entire outstanding balance of \$255,147 at December 31, 2016 is due at that time. The Corporation can make payments in the interim if they so choose.

The remaining note will be repaid with funds raised through commitments over a three-year period.

**8. Contributions**

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

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the consolidated financial statements of the Newark Development Partners Community Improvement Corporation, Licking County, Ohio (a nonprofit corporation), which comprise the consolidated statements of net assets, the consolidated statements of receipts, disbursements and changes in net assets and the consolidated statements of cash flow, as of and for the years ended December 31, 2016 and 2015, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 27, 2017, wherein we noted as disclosed in Note 1, the Newark Development Partners Community Improvement Corporation presented consolidated financial statements for 2016.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2016-001 to be a significant deficiency.

Board of Directors  
Newark Development Partners  
Community Improvement Corporation

***Compliance and Other Matters***

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

***Newark Development Partners Community Improvement Corporation's Response to Finding***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
July 27, 2017

**NEWARK DEVELOPMENT PARTNERS COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2016-001

Significant Deficiency - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Numerous adjustments were made to the financial statements for the years ended December 31, 2016 and 2015, to properly state financial statement amounts. In addition, numerous note disclosures were added.

The audited financial statements and Corporation records have been adjusted for the misstatements identified during the audit as necessary.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

We recommend the Corporation consult with their auditors or an outside accountant to help ensure accurate financial reporting.

Client Response: The reclassification of assets is more semantic than substance. These have no impact on Total Assets or Total Equity. It is inconsequential and hardly deserves a "significant" deficiency rating. In addition, the two minor reclassifications are equally inconsequential.

**NEWARK DEVELOPMENT PARTNERS COMMUNITY IMPROVEMENT CORPORATION  
LICKING COUNTY**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2014-001	<u>Material Weakness - Financial Statement Presentation</u> - Adjustments were necessary to properly state the financial statements for December 31, 2014 and 2013.	No	Not corrected; reissued as Significant Deficiency Finding No. 2016-001.



# Dave Yost • Auditor of State

**NEWARK DEVELOPMENT PARTNERS**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 24, 2017**