CIRCLEVILLE – PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

PICKAWAY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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, 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 Circleville Pickaway Community Improvement Corporation is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 19, 2024

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CIRCLEVILLE – PICKKAWAY COMMUNITY IMPROVEMENT CORPORATION

PICKAWAY COUNTY

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INDEPENDENT AUDITOR'S REPORT

Circleville – Pickaway Community Improvement Corporation
Pickaway County
1360 Lancaster Pike, Suite 111
Circleville, Ohio 43313

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Circle-Pickaway Community Improvement Corporation, Pickaway County, Ohio (the Corporation), a not-for-profit corporation, which comprise the statements of financial position as of December 31, 2022, 2021 and 2020, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2022, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Charles E Harris & Associates

Charles E. Harris & Associates, Inc.
November 15, 2023

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 410,053	$ 188,555
Certificate of deposit	51,602	51,542
Accounts receivable	322,271	297,300
Note receivable	17,280	17,280
Prepaid expenses	1,575	1,538
TOTAL CURRENT ASSETS	802,781	556,215
PROPERTY AND EQUIPMENT		
Office furniture and equipment	22,170	22,170
Accumulated depreciation	(20,550)	(19,279)
NET PROPERTY AND EQUIPMENT	1,620	2,891
OTHER ASSETS		
Investments	7,118	7,906
Long-term note receivable	3,853,799	4,237,895
TOTAL OTHER ASSETS	3,860,917	4,245,801
TOTAL ASSETS	$ 4,665,318	$ 4,804,907
LIABILITIES AND NET ASSETS		
CURRENT LIABILTIES		
Accounts payable	$ 10,856	$ 33,178
Accrued payroll and related taxes	8,763	6,234
Current portion of long term debt	390,720	384,096
TOTAL CURRENT LIABILITIES	410,339	423,508
LONG TERM LIABILITIES		
Jobs Ohio loan	3,463,079	3,853,799
TOTAL LIABILITIES	3,873,418	4,277,307
NET ASSETS		
Without donor restrictions	791,900	527,600
TOTAL NET ASSETS	791,900	527,600
TOTAL LIABILITIES AND NET ASSETS	$ 4,665,318	$ 4,804,907

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

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2022 and 2021

	Without Donor Restrictions	
	2022	2021
SUPPORT AND REVENUE:		
Contributions	$ 1,024,976	$ 1,000,860
Management income	80,492	-
Interest income	286	484
Investment income (loss)	(903)	627
In-kind contributions	-	1,201
TOTAL SUPPORT AND REVENUE	1,104,851	1,003,172
EXPENSES:		
Personnel costs	302,134	271,876
Bad debt expense	-	1,000
Dues and subscriptions	19,709	7,467
Supplies	6,420	5,209
Meetings	4,092	-
Training	3,251	1,089
Professional fees	20,798	20,920
Marketing	1,376	1,613
Utilities	1,175	1,405
Depreciation	1,271	1,463
Liability insurance	2,248	2,122
Interest expense	81,691	94,584
Bank fees	10,565	12,058
Travel and entertainment	1,725	6,705
Projects	384,096	701,726
Miscellaneous	-	26
TOTAL EXPENSES	840,551	1,129,263
INCREASE (DECREASE) IN NET ASSETS	264,300	(126,089)
Net assets, beginning of year	527,600	653,689
Net assets, end of year	$ 791,900	$ 527,600

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

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 264,300	$ (126,089)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	1,271	1,463
Unrealized (gain) loss in value of investments	1,011	(627)
Changes in assets and liabilities:		
Accounts and note receivable	(24,971)	(78,700)
Accounts payable	(22,322)	33,178
Prepaid expenses	(37)	4,865
Long term note receivable	384,096	672,976
Accrued payroll and related taxes	2,528	(9,719)
Net cash provided by operating activities	605,876	497,347
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividends reinvested	(282)	(266)
Net cash used by investing activities	(282)	(266)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on note payable	(384,096)	(672,976)
Net cash used by financing activities	(384,096)	(672,976)
Net increase (decrease) in cash and cash equivalents	221,498	(175,895)
Cash and cash equivalents at beginning of year	188,555	364,450
Cash and cash equivalents at end of year	$ 410,053	$ 188,555
Supplemental Information		
Interest Paid	$ 81,691	$ 94,584

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

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, although the Organization wrote off $1,000 as uncollectible during the year.

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
The Organization records revenue in accordance with 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.

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. Management income is recognized over time as it is earned. 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. The Organization has no long-term contracts or contracts that include multiple deliverables. 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, 2022 and 2021, 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 2019, 2020 and 2021 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. Cash payments for interest were $81,691 and $94,584 during the years ended December 31, 2022 and 2021, respectively. There were no cash payments for income taxes during the years ended December 31, 2022 and 2021.

The statement of cash flows includes noncash transactions in the form of in-kind contributions and services in the amount of $0 for 2022 ($1,201 in 2021). 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	$	410,053
Certificate of deposit		51,602
Receivables		322,271
Prepaid		1,575
Total	$	785,501

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 June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses*. The ASU revises the measurement of credit losses for financial assets measured at amortized cost from an incurred loss methodology to an expected loss methodology. These expected credit losses for financial assets held at the reporting date are to be based on historical experience, current conditions and reasonable and supportable forecasts. This ASU will also require enhanced disclosures relating to significant estimates and judgments used in estimating credit losses, as well as the credit quality. The ASU is effective for years beginning after December 15, 2022. The Company is currently evaluating the impact the adoption will have on its 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 2022 were $18,569 ($16,354 for 2021).

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 Note 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 required 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 an additional principal payment of $275,000 in 2021.

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, 2022 based on amounts outstanding are as follows:

2023	$	390,720
2024		399,602
2025		408,686
2026		417,978
2027		427,479
2028 and after		1,809,334
Total	$	3,853.799

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 $6,550 at December 31, 2022 ($6,328 at December 31, 2021) and an unrealized loss of $1,011 for 2022 ($627 gain for 2021) was recorded for the year 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 Measurements using:		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
December 31, 2022				
Investments	$ 7,118	$ 7,118	$ -	$ -
December 31, 2021				
Investments	$ 7,906	$ 7,906	$ -	$ -

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, 2022 and 2021. 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 impact the United States and the world. Although the disruption from COVID-19 is expected to be temporary and government restrictions have largely ceased, there is still some 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; however, it has caused disruptions in operations during the last two years in various industries throughout the country and the world.

Subsequent events were evaluated through September 27, 2023, which is the date the financial statements were available to be issued.

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 188,555	$ 364,450
Certificate of deposit	51,542	51,538
Accounts receivable	297,300	218,600
Note receivable	17,280	17,280
Prepaid expenses	1,538	6,403
TOTAL CURRENT ASSETS	556,215	658,271
PROPERTY AND EQUIPMENT		
Office furniture and equipment	22,170	22,170
Accumulated depreciation	(19,279)	(17,816)
NET PROPERTY AND EQUIPMENT	2,891	4,354
OTHER ASSETS		
Investments	7,906	7,017
Long-term note receivable	4,237,895	4,910,870
TOTAL OTHER ASSETS	4,245,801	4,917,887
TOTAL ASSETS	$ 4,804,907	$ 5,580,512
LIABILITIES AND NET ASSETS		
CURRENT LIABILTIES		
Accounts payable	$ 33,178	$ 1,147
Accrued payroll and related taxes	6,234	14,806
Current portion of long term debt	384,096	397,975
TOTAL CURRENT LIABILITIES	423,508	413,928
LONG TERM LIABILITIES		
Jobs Ohio loan	3,853,799	4,512,895
TOTAL LIABILITIES	4,277,307	4,926,823
NET ASSETS		
Without donor restrictions	527,600	653,689
TOTAL NET ASSETS	527,600	653,689
TOTAL LIABILITIES AND NET ASSETS	$ 4,804,907	$ 5,580,512

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

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2021 and 2020

	Without Donor Restrictions	
	2021	**2020**
SUPPORT AND REVENUE:		
Contributions	$ 1,000,860	$ 852,946
Interest income	484	227
Investment income	627	1,287
In-kind contributions	1,201	1,955
TOTAL SUPPORT AND REVENUE	1,003,172	856,415
EXPENSES:		
Personnel costs	271,876	223,779
Bad debt expense	1,000	500
Dues and subscriptions	7,467	13,292
Supplies	5,209	6,570
Training	1,089	-
Professional fees	20,920	19,922
Marketing	1,613	1,667
Utilities	1,405	1,310
Depreciation	1,463	1,463
Liability insurance	2,122	2,117
Interest expense	94,584	102,447
Bank fees	12,058	12,919
Travel and entertainment	6,705	2,216
Projects	701,726	389,130
Miscellaneous	26	31
TOTAL EXPENSES	1,129,263	777,363
INCREASE (DECREASE) IN NET ASSETS	(126,089)	79,052
Net assets, beginning of year	653,689	574,637
Net assets, end of year	$ 527,600	$ 653,689

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

CIRCLEVILLE-PICKAWAY COMMUNITY IMPROVEMENT CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (126,089)	$ 79,052
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	1,463	1,463
Unrealized (gain) loss in value of investments	(627)	(277)
Changes in assets and liabilities:		
Accounts and note receivable	(78,700)	15,550
Accounts payable	33,178	159
Prepaid expenses	4,865	(5,114)
Long term note receivable	672,976	389,130
Accrued payroll and related taxes	(9,719)	5,471
Net cash provided by operating activities	497,347	485,434
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposition of investments	-	51,835
Interest and dividends reinvested	(266)	(977)
Net cash provided (used) by investing activities	(266)	50,858
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on note payable	(672,976)	(389,130)
Net cash used by financing activities	(672,976)	(389,130)
Net increase (decrease) in cash and cash equivalents	(175,895)	147,162
Cash and cash equivalents at beginning of year	364,450	217,288
Cash and cash equivalents at end of year	$ 188,555	$ 364,450
Supplemental Information		
Interest Paid	$ 94,584	$ 102,447

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

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, although the Organization wrote off $1,000 as uncollectible during the year.

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
The Organization records revenue in accordance with 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.

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. The Organization has no long-term contracts or contracts that include multiple deliverables.

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, 2021 and 2020, 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 2018, 2019 and 2020 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. Cash payments for interest were $94,584 and $102,447 during the years ended December 31, 2021 and 2020, respectively. There were no cash payments for income taxes during the years ended December 31, 2021 and 2020.

The statement of cash flows includes noncash transactions in the form of in-kind contributions and services in the amount of $1,201 in 2021 ($1,955 in 2020). 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	$	188,555
Certificate of deposit		51,542
Receivables		297,300
Prepaids		1,538
Total	$	538,935

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 June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses*. The ASU revises the measurement of credit losses for financial assets measured at amortized cost from an incurred loss methodology to an expected loss methodology. These expected credit losses for financial assets held at the reporting date are to be based on historical experience, current conditions and reasonable and supportable forecasts. This ASU will also require enhanced disclosures relating to significant estimates and judgments used in estimating credit losses, as well as the credit quality. The ASU is effective for years beginning after December 15, 2022. The Company is currently evaluating the impact the adoption will have on its 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 2021 were $16,354 ($13,564 for 2020).

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 required 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 an additional principal payment of $275,000 in 2021.

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, 2021 based on amounts outstanding are as follows:

2022	$	384,096
2023		390,720
2024		399,602
2025		408,686
2026		417,978
2027 and after		2,236,813
Total	$	4,237,895

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 $6,328 at December 31, 2021 ($6,018 at December 31, 2020) and an unrealized gain of $627 in 2021 ($277 gain for 2020) was recorded for the year 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, 2021				
Investments	$ 7,906	$ 7,906	$ -	$ -
December 31, 2020				
Investments	$ 7,017	$ 7,017	$ -	$ -

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, 2021 and 2020. 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 impact the United States and the world. Although the disruption from COVID-19 is 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, it has caused disruptions in operations during the last two years 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, 2022.

Subsequent events were evaluated through September 27, 2022, which is the date the financial statements were available to be issued.

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Certified Public Accountants Fax - (216) 436-2411

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*

Circleville – Pickaway Community Improvement Corporation
Pickaway County
1360 Lancaster Pike, Suite 111
Circleville, Ohio 43313

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) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements and have issued our report thereon dated November 15, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

However, we noted certain other matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated November 15, 2023.

Purpose of this Report

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

Charles E Harris & Associates

Charles E. Harris & Associates, Inc.
November 15, 2023

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 2/1/2024

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