

ARDMORE BUSINESS
DISTRICT AUTHORITY

FINANCIAL STATEMENTS &
AUDITORS' REPORT

YEAR ENDED
31st DECEMBER 2016

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Management Discussion and Analysis
Ardmore Business District Authority 2016 Audit
Christine Vilardo, Executive Director, July 30, 2017

- **Organization:**

The organization is overseen by an 11-17 member Board of Directors. The Ardmore Business District Authority Board of Directors is comprised of local property and business owners, residents, professionals, and representatives from Lower Merion Township. In 2016, in addition to their financial contributions, Board, committee and community members dedicated over 1445 volunteer hours, valued at \$33,325, based on Independent Sector value of \$23.06 per volunteer hour. This is an increase over 2015 during which volunteers donated 1041 hours.

- The Board is run by an Executive Committee consisting of Chairperson, Vice-Chair, Secretary, Treasurer, and immediate past Chairperson. Staff consists of one FT Executive Director, one FT Assistant Executive Director, two part-time maintenance workers and a sub-contracted Marketing Director. The Part-time Office Manager resigned in November to take a full-time position and we have not filled that position.
- The Initiative conducts its activities through Board-led committees and Task Groups including Business Recruitment & Retention, Marketing and Special Events, Design, Streetscape, and Organization (including Finance).
- Ardmore Initiative retained its status as an accredited National Main Street program, recognized by the National Trust for Historic Preservation and National Main Street Center. We received a positive assessment from the PA Downtown Center as a designated Keystone Communities Main Street program and were also recognized as one of top performing Main Street programs in Pa. (#3 of 40+ eligible communities)

- **Events & Activities:** In addition to Ardmore Initiative produced events (Leadership Breakfast, Taste of Ardmore), 2016 saw a continuation of events generated and managed by local business owners. These activities included Ardmore Oktoberfest, Cricket Cringle, Maida's O-bon festival, and more, and created more on-street foot traffic for our businesses.

- **Stakeholder Meetings:** The Ardmore Initiative presented the 7th annual Leadership Breakfast (sponsored and hosted by Tired Hands Fermentaria and attended by over 100 guests) to keep our stakeholders informed of relevant issues and developments and to learn more about their needs and concerns.
- **Taste of Ardmore:** The eighth annual Taste of Ardmore Food & Fashion, presented and hosted by Ardmore Toyota in October 2016 showcased the variety of cuisines offered by Ardmore restaurants. Nineteen (19) restaurants participated and close to 300 guests attended the event. Last year's event introduced a new competitive edge with the Ardmore Kitchen Challenge and Homebrew competitions for amateur chefs and homebrewers. We also introduced an outdoor beer garden to add to the ambiance in the
- **Event sponsorships,** ticket sales, vendor fees, and fee for service programs generated \$36,000 in revenue to support the Initiative's projects and programs.

- **Financial Highlights:**

- **Total revenues** of \$339,563 represent an increase of \$43,836 over 2015 revenues of \$295,727.
- **Assessment Rate and Collection:** The 2016 millage rate was 1.88 mills, a 2% increase over 2015. Of 201 assessed properties, 196 properties, representing a compliance rate of 96%, paid a total of \$232,399 in assessments, an increase of \$11,052 over 2015 collection rate of \$221,347, due primarily to new properties being assessed in 2015 and collection of prior year assessments. Five (5) properties were not compliant. Assessment revenues represent 68% of total revenues.
- **Other Revenues:** Event sponsorships and ticket sales account for \$36,000 (11% of total); Grants and contributions generate \$70,855 (21% of total); Interest income was \$309 (1% of total).
- **Expenses:** Expenditures total \$376,924, an increase of \$40,586 over 2015 expenditures (\$336,338).

- **Grants/Business Assistance:**
 - **Business Assistance Grants:** We awarded two (2) Business Assistance Grants of \$20,000 each to Jeannie's Deli and Poke Ono with HUD Community Development Block Grant funds from Lower Merion Township. Both grants were awarded in 2016 but funds to Poke Ono were disbursed in 2017 and do not appear in the financial reports. To guarantee the CDBG grant funds as required by the grant agreement, Fuel deposited \$25,000 and Poke Ono deposited \$20,000 into accounts at Bryn Mawr Trust Bank.
 - **Facade Grants:** We awarded \$19,920.00 and disbursed \$15,577 in facade improvement grants to 6 business/property owners with funds from Pa. Department of Community & Economic Development Contract #C000057557.
The following businesses completed facade improvements totaling \$40,574:

| | |
|--------------------|--|
| Clothes Mentor | \$2,949 |
| Jason's Toridasu | \$3,934 |
| Studio ML | \$3,693 |
| Jeannie's Deli | \$5,000 |
| Poke Ono | \$ 800 (awarded in 2016 but reimbursed in 2017) |
| Fuel Cycle Fitness | \$3,544 (awarded in 2016 but reimbursed in 2017) |
- **Vacancies:**
 - 2016 ended with a vacancy rate of approximately 5% (There were 10 vacancies out of 201 assessed parcels. The 201 parcels represent 301 properties)
- **New Businesses/ Property Owner Investment:**
 - 13 new businesses opened in the downtown Ardmore commercial district, 11 closed or relocated out of the district.
 - Investment by business and property owners representing approximately 37 properties is valued at \$2,335,319.00 (In 2015, Investment by business and property owners representing approximately 52 properties is valued at \$1,539,129.00) 2016 is a > 50% increase over 2015 investment.
 - Six (6) commercial properties changed ownership.

Christine Vilardo

**Christine Vilardo
Executive Director
The Ardmore Initiative**

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INDEPENDENT AUDITORS' REPORT

To the Officers & Board of Directors of
The Ardmore Business District Authority and
the Ardmore Community Development Fund, Inc.

We have audited the accompanying Statement of Net Assets of both the Ardmore Business District Authority and the Ardmore Community Development Fund, Inc. as of 31st December 2016, along with the related Statement of Revenues, Expenditures, & Changes in Net Assets, and Statement of Cash Flows for the year then ended, and the related notes to said financial statements.

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

Auditors' Responsibility. The auditors' responsibility is to express an opinion on the financial statements based on the audit. We conducted our audit in accordance with auditing standards generally accepted in the United States, which require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Risk assessments involve consideration of internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control, and accordingly, no such opinion is expressed. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position the Ardmore Business District Authority and the Ardmore Community Development Fund, Inc. as of 31st December 2016, and the combined results of operations, and the combined cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Other Matters - Required Supplementary Information. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on be presented to supplement the basic financial statements. Such information, 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.

Peterson, Fieo & Co.

Peterson, Fieo & Co.
30th July 2017

ARDMORE BUSINESS DISTRICT AUTHORITY

**Statement of Net Assets
as of December 31, 2016**

| | ABDA | ACDF | TOTAL |
|---|-------------------|-----------------|-------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash & Cash Equivalents | \$ 69,872 | \$ 8,023 | \$ 77,895 |
| Assessment Receivable | 22,136 | | 22,136 |
| Grants Receivable | 2,830 | | 2,830 |
| Accounts Receivable Affiliate | 7,500 | - | 7,500 |
| Prepaid Expenses | 4,707 | | 4,707 |
| Escrow Deposit Receivable | - | | - |
| Other Current Assets | - | - | - |
| Total Current Assets | <u>107,045</u> | <u>8,023</u> | <u>115,068</u> |
| Non-Current Assets: | | | |
| Capital Assets (<i>net of depreciation</i>) | 3,113 | | 3,113 |
| Security Deposits | 2,000 | | 2,000 |
| Total Non-Current Assets | <u>5,113</u> | <u>-</u> | <u>5,113</u> |
| TOTAL ASSETS | <u>\$ 112,158</u> | <u>\$ 8,023</u> | <u>\$ 120,181</u> |
| LIABILITIES & NET ASSETS | | | |
| Current Liabilities: | | | |
| Accounts Payable & Accrued Expenses | \$ - | \$ - | \$ - |
| Accounts Payable Affiliate | - | 7,500 | 7,500 |
| Grants Payable | - | | - |
| Deferred Revenue | 3,563 | | 3,563 |
| Streetscape Grants not used | - | | - |
| Total Current Liabilities | <u>3,563</u> | <u>7,500</u> | <u>11,063</u> |
| Non-Current Liabilities | - | | - |
| Total Liabilities | <u>3,563</u> | <u>7,500</u> | <u>11,063</u> |
| Net Assets: | | | |
| Unrestricted | 105,482 | 523 | 106,005 |
| Unrestricted - Fixed Assets | 3,113 | | 3,113 |
| Total Net Assets | <u>108,595</u> | <u>523</u> | <u>109,118</u> |
| TOTAL LIABILITIES & NET ASSETS | <u>\$ 112,158</u> | <u>\$ 8,023</u> | <u>\$ 120,181</u> |

ABDA = Ardmore Business District Authority
ACDF = Ardmore Community Development Fund

ARDMORE BUSINESS DISTRICT AUTHORITY

**Statement of Activities
for the year ended December 31, 2016**

| | ABDA | ACDF | TOTAL |
|------------------------------------|-------------------|-----------------|-------------------|
| Revenues | | | |
| Assessments | \$ 224,699 | \$ - | \$ 224,699 |
| Events & Programs, Sponsorships | 9,053 | 26,947 | 36,000 |
| Grants | 51,587 | | 51,587 |
| Contributions | 24,008 | 2,110 | 26,118 |
| Interest Earnings | 293 | 16 | 309 |
| Total Revenues | <u>309,640</u> | <u>29,073</u> | <u>338,713</u> |
| Expenditures | | | |
| Business Support & Advocacy | 169,600 | | 169,600 |
| Grants Awarded | 35,577 | | 35,577 |
| General & Operating | 55,101 | 840 | 55,941 |
| Special Events & Contributions | 10,853 | | 10,853 |
| Contributions | | 1,200 | 1,200 |
| Streetscape | 72,718 | | 72,718 |
| Economic Development & Advertising | 30,079 | | 30,079 |
| Depreciation Expense | 3,358 | | 3,358 |
| less: reimbursed expenses | (1,500) | | (1,500) |
| Total Expenditures | <u>375,786</u> | <u>2,040</u> | <u>377,826</u> |
| Transfers | <u>34,447</u> | <u>(34,447)</u> | <u>-</u> |
| Net Change in Net Assets | (31,699) | (7,414) | (39,113) |
| Net Assets, Beginning of Year | <u>140,294</u> | <u>7,937</u> | <u>148,231</u> |
| Net Assets, End of Year | <u>\$ 108,595</u> | <u>\$ 523</u> | <u>\$ 109,118</u> |

ABDA = Ardmore Business District Authority
ACDF = Ardmore Community Development Fund

ARDMORE BUSINESS DISTRICT AUTHORITY

**Statement of Cash Flows
for the year ended December 31, 2016**

| | ABDA | ACDF | TOTAL |
|---|------------------|-----------------|------------------|
| Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities | | | |
| Change in Total Net Assets | \$ (31,699) | \$ (7,414) | \$ (39,113) |
| Depreciation Expense | 3,358 | - | 3,358 |
| Change in Assets Decrease (Increase): | | | |
| Assessment Receivable | 7,700 | - | 7,700 |
| Grants Receivable | 4,903 | - | 4,903 |
| Accounts Receivable Affiliate | (7,500) | - | (7,500) |
| Prepaid Expenses | (2,043) | - | (2,043) |
| Security Deposits | - | - | - |
| Other Current Assets | - | - | - |
| Change in Liabilities Increase (Decrease): | | | |
| Accounts Payable & Accrued Exps. | (413) | - | (413) |
| Accounts Payable Affiliates | - | 7,500 | 7,500 |
| Grants Payable | - | - | - |
| Deferred Revenue | (11,753) | - | (11,753) |
| Net Cash Provided (Used) by Operating Activities | (37,447) | 86 | (37,361) |
| Cash Provided (Used) by Investing Activities | | | |
| Furniture and Equipment | - | - | - |
| Cash Provided (Used) by Financing Activities | - | - | - |
| Net Change in Cash | (37,447) | 86 | (37,361) |
| Cash, Beginning of year | 107,319 | 7,937 | 115,256 |
| Cash, End of Year | <u>\$ 69,872</u> | <u>\$ 8,023</u> | <u>\$ 77,895</u> |

ABDA = Ardmore Business District Authority
ACDF = Ardmore Community Development Fund

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS 31st DECEMBER 2016

NOTE 1. NATURE of ORGANIZATION

Organization. The Township of Lower Merion, Montgomery County, Pennsylvania established the Ardmore Business District Authority (hereinafter “Authority”) on 5th October 1993 as a municipal authority under the provisions of the Pennsylvania Municipal Authorities Act of 1945¹. Originally chartered for five years, the Authority’s charter was renewed in 1998, 2003, 2008, and most recently in 2013 for ten years (until 2023). Originally known as “Ardmore 2000”, the Authority currently uses the name “Ardmore Initiative”.

The mission of the Authority is to provide a balanced mix of businesses and services in a thriving commercial district. The Authority is responsible for physical improvement and economic development in downtown Ardmore. Over the years, the Authority has implemented streetscape improvement projects, including installing curbs and amenities, planting trees, and initiating regular sidewalk cleaning. The Authority has received funding from the Department of Community & Economic Development (“DCED”) and the Commonwealth of Pennsylvania to provide façade improvement grants to property owners to improve the appearance and utilization of the Ardmore area. The Authority provides a range of other resources to meet the needs of the business community.

The Ardmore Community Development Fund (hereinafter “ACDF”) was chartered as a Pennsylvania not-for-profit corporation on 18th February 2009 and is exempt from federal income tax under IRC Section 501(a)² as an organization described in Section 501(c)(3)². The ACDF’s application for said tax-exempt status was approved by the Internal Revenue Service retroactive to 18th February 2009; the IRS has classified the ACDF as a public charity.

The purpose ACDF acts as a companion to the Authority, to accept grants and other funds from donors who are restricted to making such grants to tax-exempt organizations, and to provide charitable services for the benefit of the Ardmore community which are outside the mandate of the Authority.

References in these notes to financial statements to either the “Authority” or the “ACDF” denote references to those individual organizations. References hereunder to the “Ardmore Initiative” denote the two organizations considered together.

¹ P.L.382, No.164 53 Pa.C.S.A., Pt. V, Subpt. A, Ch. 56

² U.S. Internal Revenue Code of 1986, as amended

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS 31st DECEMBER 2016

NOTE 2. SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

- (a.) Basis of Accounting. In all material respects, both the Authority and the ACDF maintain their books & records, and present their financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP), according to the recommendations of the Governmental Accounting Standards Board (GASB), on a fiscal year ending December 31st of each year. As a *special purpose government entity engaged only in business-type activities*³, the Authority has elected to present its financial statements in accordance with those required for enterprise funds.
- (b.) The Authority is required to report information regarding its financial position and activities according to three classes of net assets: (i.) unrestricted net assets, (ii.) temporarily restricted net assets, and (iii.) permanently restricted net assets.
- (c.) Recognition of Donor Restricted Contributions. Grants & Contributions received are recorded as permanently restricted, temporarily restricted, or unrestricted support depending on the existence or nature of any donor restrictions. Restricted and temporarily restricted contributions, whose restrictions are met in the same reporting periods, are reported as unrestricted support. When a restriction expires, i.e., when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.
- (d.) Measurement Focus. The Statement of Net Assets and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized as they are earned and expenses are recognized as they are incurred.
- (e.) Net Assets: Permanently Restricted, Temporarily Restricted, & Unrestricted.
- (i.) Unrestricted Net Assets consist of all net assets which are expendable, at the discretion of the organizations' management and board of directors for carrying on daily operations. These funds have neither been restricted by donors nor set aside for any specific purpose.
- (ii.) Temporarily Restricted Net Assets consist of net assets that have been limited by donor imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Ardmore Initiative pursuant to those stipulations. When a donor restriction expires, (i.e., when a stipulated

³ as defined by GASB Statement No.34, "Basic Financial Statements and Management's Discussion & Analysis for State & Local Governments"

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS 31st DECEMBER 2016

time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Ardmore Initiative did not have any temporarily restricted net assets as of 31st December 2016.

(iii.) Restricted Net Assets consist of net assets that have been permanently limited by donor imposed stipulations. Ardmore Initiative did not have any permanently restricted net assets as of 31st December 2016.

- (f.) Property & Equipment. Property and equipment costing in excess of \$500 with a useful life exceeding one year are capitalized at cost. Leasehold improvements are deemed to have a useful life corresponding to the remainder of the term of the applicable lease(s), including options to extend or renew such lease(s). Depreciation is being provided for using the straight-line method over the estimated useful live of the assets capitalized.
- (g.) Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.
- (h.) Donated Services. A number of professionals, businesses, and volunteers have donated their time in support of Ardmore Initiative's programs. During 2016, approximately 1,445 hours of volunteer service were performed on behalf of the Ardmore Initiative. At the state's valuation of \$23.06 per hour, this would amount to approximately \$33,325. This valuation has not been reflected in the accompanying financial statements.
- (i.) Compensated Absences. The Ardmore Initiative recognizes liabilities associated with compensated absences in accordance with GASB Statement #16 "*Accounting for Compensated Absences*". As of 31st December 2016, there were no such liabilities.
- (j.) Post-Employment Benefits (other than pension). The Ardmore Initiative recognizes liabilities associated with post-employment benefits (other than pension) in accordance with GASB Statement #45 "*Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pension*". As of 31st December 2016, there were no such liabilities.

NOTE 3. REPORTING ENTITY

In evaluating the Ardmore Business District Authority as a reporting entity, the Authority has addressed all potential component units (a.) to which it may be financially accountable or for

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS 31st DECEMBER 2016

which it may be functionally accountable, and (b.) which raise and hold economic resources for the direct benefit of the Authority.

According to GASB Statement #14, “*The Financial Reporting Entity*”, the Authority is financially accountable to an organization if that organization appoints a voting majority of the Authority’s governing board and (1) that organization can impose its will on the Authority or (2) there is a potential for that organization to provide specific financial benefit to or impose specific financial burden on the Authority; likewise, the Authority is functionally accountable for an organization if it appoints a voting majority of an organization’s governing board and (1) it can impose its will on said organization or (2) there is a potential for said organization to provide specific financial benefit to or impose specific financial burden on the Authority.

In prior years, the facts & circumstances at hand pointed to the conclusion that the Ardmore Business District Authority was a component unit of Lower Merion Township, Montgomery County, Pennsylvania. The Authority has revised its conclusion and feels that it is not now, nor was in prior years, a component unit of thereof. Lower Merion Township concurs with this revised conclusion.

According to GASB Statement #39, “*Determining Whether Certain Organizations Are Component Units*”, the Authority is required to further consider other organizations for which the nature and significance of their relationship are such that exclusion would cause either the Authority’s or another reporting entity’s financial statements to be misleading or incomplete. Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the Authority, its component units, or its constituents; and
2. The Authority, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and
3. The economic resources received or held by an individual organization that the Authority, or its component units, is entitled to, or has the ability to otherwise access, are significant thereto.

According to this pronouncement, the Ardmore Community Development Fund is a component unit of the Ardmore Business District Authority. Therefore, these financial statements discretely present the assets, liabilities, net assets, and activities of each of the Ardmore Business District Authority and the Ardmore Community Development Fund. References to the Ardmore Initiative refer to the assets, liabilities, net assets, and activities of both the Ardmore Business District Authority and the Ardmore Community Development Fund taken together.

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**NOTES to FINANCIAL STATEMENTS
31st DECEMBER 2016**

NOTE 4. CASH

Cash consists of funds on deposit in checking and money market accounts at local commercial banks and savings banks. Accounts are insured by the FDIC up to \$250,000. Cash balances on deposit with financial institutions at 31st December 2016 did not exceed these limits.

NOTE 5. PREPAID EXPENSES

Prepaid expenses refer to amounts for expenses (e.g., rent, insurance, etc.) paid during the year which properly applied to a subsequent period (i.e., the following year).

NOTE 6. CAPITAL ASSETS

Capital Assets consist of furniture, equipment, and leasehold improvements of the Authority as of the following at 31st December 2016:

| | Beginning of Year | Additions | Deletions | End of Year |
|---------------------------|----------------------|------------|-----------|----------------|
| Furniture & Equipment | \$ 65,759 | \$ - | \$ - | \$ 65,759 |
| Leasehold Improvements | 15,770 | | | 15,770 |
| | 81,529 | - | - | 81,529 |
| less: Accumulated Depr'n | 75,058 | 3,358 | - | 78,416 |
| Total Capital Assets, net | \$ 6,471 | \$ (3,358) | \$ - | \$ 3,113 |

Depreciation expense for 2016 totaled \$3,358. The ACDF has no capital assets.

NOTE 7. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Amounts listed as Accounts Payable & Accrued Expenses reflect expenses incurred during the year but not paid as of December 31st.

NOTE 8. PROPERTY TAX ASSESSMENTS

Property tax assessments are levied on April 15th of each year for the current calendar year. Payment is due by July 15th. A penalty of 6% of the amount due is added to any outstanding balances on July 16th of that year. Any unpaid property tax assessments on

ARDMORE BUSINESS DISTRICT AUTHORITY

**NOTES to FINANCIAL STATEMENTS
31st DECEMBER 2016**

December 31st attach as a lien on the property. The following information pertains to the year ended 31st December 2016:

| | | |
|---|----|-------------|
| Total Taxable Property Assessments | \$ | 120,074,280 |
| Assessment for 2016 (in mills) | | 1.88 |
| Calculated Property Tax Levied (before assessment adjustments) | \$ | 225,740 |

NOTE 9. POST-EMPLOYMENT BENEFIT PLAN

The Authority maintains a Savings Incentive Match Plan for Employees (SIMPLE) according to the regulations set forth in Internal Revenue Code Section 408(k) that covers substantially all eligible employees. Employer contributions to the plan are discretionary and are limited to 3% of the aggregate annual compensation of each participating employee.

NOTE 10. LITIGATION

As of the date of these statements, the Ardmore Initiative has no pending or threatened claims or matters of litigation.

NOTE 11. LEASE COMMITMENT

The Authority entered into a five-year lease beginning 18th November 2016 and ending 31st December 2021. Rent expense for the year ended 31st December 2016 was \$21,900. Payments on the five-year lease will be as follows:

| <u>Year</u> | <u>Rent Expense</u> |
|-------------|---------------------|
| 2017 | 24,600 |
| 2018 | 25,200 |
| 2019 | 25,800 |
| 2020 | 25,800 |
| 2021 | 25,800 |
| | <u>127,200</u> |

ARDMORE BUSINESS DISTRICT AUTHORITY

**NOTES to FINANCIAL STATEMENTS
31st DECEMBER 2016**

NOTE 12. ECONOMIC DEPENDENCY

For the year ended 31st December 2016, Ardmore Initiative received over 66% of its revenues from a single source, namely the property tax assessments provided by the owners of the properties located in the business district.

| | <u>ABDA</u> | <u>ACDF</u> | | |
|----------------------|-------------------|------------------|-------------------|-------------------|
| | <u>Amount</u> | <u>Amount</u> | <u>Total</u> | <u>Percentage</u> |
| Property Tax Revenue | \$ 224,699 | \$ - | \$ 224,699 | 66.34% |
| All Other Revenues | 84,941 | 29,073 | 114,014 | 33.66% |
| | <u>\$ 309,640</u> | <u>\$ 29,073</u> | <u>\$ 338,713</u> | <u>100.00%</u> |

NOTE 13. SUBSEQUENT EVENTS.

Ardmore Initiative has evaluated all events subsequent to 30th July 2017, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require recognition or disclosure under FASB ASC 885-10 Subsequent Events.

REQUIRED SUPPLEMENTAL INFORMATION

ARDMORE BUSINESS DISTRICT AUTHORITY

Required Supplemental Information

**Statement of Revenues, Expenditures, & Changes in Net Assets
Actual vs. Budget Comparison (*cash basis of accounting*)
for the year ended December 31, 2016**

| | ACTUAL (combined) | BUDGET | variance |
|---|------------------------------|----------------|-----------------|
| Revenues | | | |
| Assessments | 232,399 | 223,372 | 9,027 |
| Sponsorships - Events & Programs | 36,000 | 33,000 | 3,000 |
| Grants | 44,737 | 68,303 | (23,566) |
| Local Government Subsidies | 0 | 0 | 0 |
| Contributions | 26,118 | 10,000 | 16,118 |
| Interest Earnings | 309 | 250 | 59 |
| Total Revenues | <u>339,563</u> | <u>334,925</u> | <u>4,638</u> |
| Expenditures | | | |
| Business Support & Advocacy | 169,600 | 156,976 | (12,624) |
| Grants Awarded | 35,577 | 0 | (35,577) |
| General & Operating | 58,397 | 54,300 | (4,097) |
| Special Events | 10,853 | 39,266 | 28,413 |
| Contributions | 1,200 | | (1,200) |
| Streetscape | 72,718 | 58,350 | (14,368) |
| Economic Development & Advertising | 30,079 | 30,750 | 671 |
| Capital Expenditures | 0 | 0 | 0 |
| less: reimbursed expenses | (1,500) | 0 | 1,500 |
| Total Expenditures | <u>376,924</u> | <u>339,642</u> | <u>(37,282)</u> |
| Change in Net Assets | <u>(37,361)</u> | <u>(4,717)</u> | <u>(32,644)</u> |
| Net Assets, Beginning of Year (Budgetary Basis) | <u>113,478</u> | | |
| Net Assets, End of Year (Budgetary Basis) | <u>76,117</u> | | |