

ARDMORE BUSINESS DISTRICT AUTHORITY
AUDITED FINANCIAL STATEMENTS
31 December 2018

ARDMORE BUSINESS DISTRICT AUTHORITY

Table of Contents

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
Management's Discussion & Analysis	3-7
 <u>BASIC FINANCIAL STATEMENTS</u> <u>Entity-Wide Financial Statements</u>	
Statement of Net Position	8
Statement of Activities	9
 <u>Fund Financial Statements</u>	
Balance Sheet - Governmental Funds & Business-Type Activities	10
Reconciliation of Total Government Fund Balances to Net Position of Government Activities and Business-Type Activities	10
Statement of Revenues, Expenditures, & Changes in Fund Balances - Governmental Funds & Business-Type Activities	11
Reconciliation of Statement of Revenues, Expenditures, & Changes in Fund Balances of Governmental Funds to Statement of Activities	12
NOTES TO FINANCIAL STATEMENTS	13-19
Required Supplemental Information	
Budgetary Comparison Statement Actual vs. Budget Comparison (cash basis of accounting)	21
Notes to Required Supplemental Information	22

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 financial statements of the governmental activities and major fund of the Ardmore Business District Authority as of and for the year ended 31st December 2018, along with the related notes to said financial statements which collectively comprise the Ardmore Business District Authority's basic financial statements as listed in the table of contents.

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. Our 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 the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ardmore Business District Authority as of 31st December 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters, Required Supplementary Information. Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis on pages 3 through 7 and the Budgetary Comparison Statement found on page 21 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.

14th August 2019

ARDMORE BUSINESS DISTRICT AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
DECEMBER 31, 2018

The Ardmore Business District Authority discussion and analysis provides an overview of the ABDA's financial activities for the fiscal year ended in 2018. This discussion should be read in conjunction with ABDA's financial statements.

As management of the Ardmore Business District Authority ("ABDA"), we offer readers of ABDA's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2018. This discussion and analysis is intended to serve as an introduction to ABDA's basic financial statements, which are comprised of 1.) government-wide financial statements, 2.) fund financial statements and 3.) notes to the financial statements.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of ABDA's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of ABDA's assets and liabilities. The difference between assets and liabilities is reported as net position. When assets increase over a period of time without a corresponding increase to liabilities, there is an increase in net position, which may indicate that the financial position of ABDA is improving. Conversely, a decrease in net position over time may indicate that the financial position of ABDA is declining.

The statement of activities presents information showing how ABDA's net position changed during 2018. All changes in net position are reported as soon as the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported for some items that will only result in cash flows in future periods, such as prepaid expenses or accrued payroll taxes.

The government-wide statements distinguish revenues of ABDA that are principally supported by the state, county and local government from revenue-generating activities which recover a portion of their costs through user charges, fees, and fines.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The fund financial statements distinguish the financial activities of the governmental funds of Ardmore Business District Authority.

The fund financial statements focus on individual parts of ABDA's operations in more detail than the government-wide statements. The governmental fund statements tell how ABDA's general services were financed in the short term, as well as what remains for future spending.

- Governmental Funds - Most of ABDA's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of

ARDMORE BUSINESS DISTRICT AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
DECEMBER 31, 2018

ABDA's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance ABDA's programs. The relationship (or differences) between government-wide activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

FINANCIAL HIGHLIGHTS

ABDA financial figures below include revenue from both ABDA and from the Ardmore Community Development Fund (ACDF), a companion non-profit organization that accepts grants and maintains a similar mission.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Assets

Current assets increased by \$39,676. Noncurrent assets increased by \$189 which was a result of \$1,255 in purchases of assets and \$1,066 in current depreciation.

Liabilities

Current liabilities increase by \$20,910. This was mainly due to an increase in escrow payable of \$20,019. ABDA does not have any long-term liabilities.

Total Net Position

ABDA's total net position increased by \$18,955, which was a result of current year activity. The following tables summarize ABDA's net position and changes in net position:

	<u>2018</u>	<u>2017</u>
ASSETS:		
Total Current Assets	\$ 184,050	\$ 144,374
Capital Assets, net of Depreciation	1,179	990
Security Deposit	2,000	2,000
	<u>\$ 187,229</u>	<u>\$ 147,364</u>
LIABILITIES:		
Total Current Liabilities	\$ 40,920	\$ 20,010
	<u>\$ 40,920</u>	<u>\$ 20,010</u>
NET POSITION:		
Invested in Capital Assets	1,179	990
Unrestricted Net Position	145,130	126,364
	<u>146,309</u>	<u>127,354</u>
TOTAL NET POSITION	<u>146,309</u>	<u>127,354</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 187,229</u>	<u>\$ 147,364</u>

ARDMORE BUSINESS DISTRICT AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
PROGRAM REVENUE		
Assessments	\$ 214,372	\$ 224,421
Events & Programs, Sponsorships	70,615	33,876
Grants & Contributions	188,119	140,279
Local Government Subsidies	10,000	20,000
GENERAL REVENUE		
Interest Income	390	284
TOTAL REVENUE	<u>\$ 483,496</u>	<u>\$ 418,860</u>
EXPENDITURES		
Business Support & Advocacy	\$ 154,783	\$ 156,420
Grants Awarded	62,416	38,484
General & Operating	59,212	59,311
Special Events & Contributions	37,748	47,005
Streetscape	55,597	56,485
Economic Development & Advertising	110,469	74,774
Depreciation	1,066	2,123
TOTAL EXPENDITURES	481,291	434,602
Transfers	16,750	34,500
NET CHANGE IN FUND BALANCES	<u>\$ 18,955</u>	<u>\$ 18,758</u>

REVENUE

Revenues in 2018 increased by \$64,636 or over 15% from 2017, totaling \$483,496. A majority of this increase can be attributed to a monthly contribution from January through November of \$12,000 from One Ardmore Place LLP. ABDA received \$132,000 from One Ardmore Place LLP.

The 2018 millage rate was 1.88 mills. As of December 31, 2018, 192 out of 201 properties had paid their assessments, generating \$214,372 in revenue with a compliance rate of 95.5%. Assessment revenue was slightly higher in 2017 by \$10,049. In 2018, assessment revenues represent about 44% of all revenues. ABDA filed municipal liens against nine noncompliant properties in April 2019.

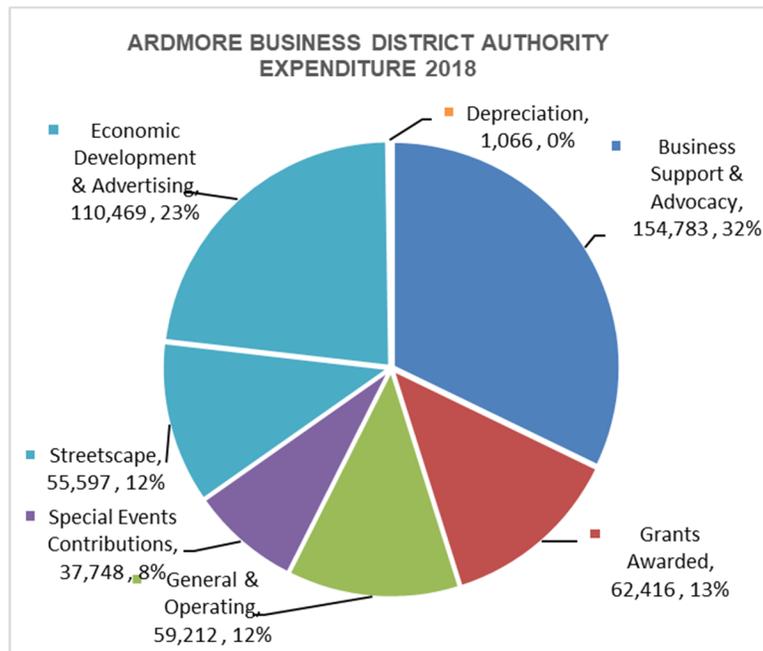
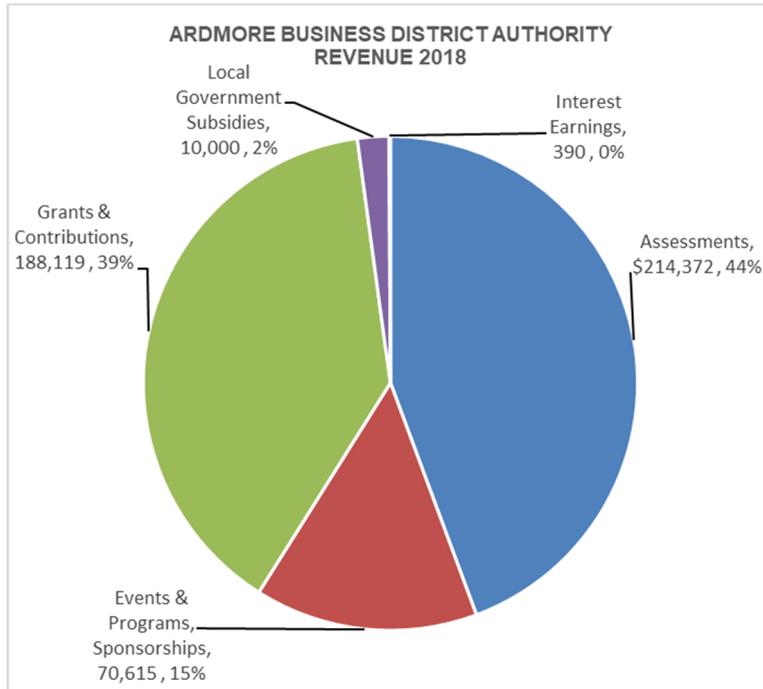
Event and program sponsorship amounted to \$70,615 or 15% of total revenues, an increase over 2017 by \$36,739. Grants and contributions amounted to \$188,119 or 39% of total revenues, an increase over 2017 by \$47,840. Local Government Subsidies amounted to \$10,000 or 2% of total revenue, a decrease of \$10,000 compared to 2017. Interest income was \$390 or less than 0.1% of total revenues, an increase of \$106 over the prior year.

EXPENDITURE

Expenditures totaled \$480,291, an increase of 46,689 or 11% over 2017 expenditures. Business support and advocacy decreased by \$1,636; grants awarded increased by \$23,932; general and operating expenses and special events and contributions decreased by \$99 and \$9,257 respectively; streetscape expenses

**ARDMORE BUSINESS DISTRICT AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
DECEMBER 31, 2018**

decreased by \$888; and economic development and advertising expenses increased by \$35,695. Depreciation decreased by \$1,057.



ARDMORE BUSINESS DISTRICT AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
DECEMBER 31, 2018

Grant Programs

The ABDA fosters economic vitality in the Ardmore Business District through the administration of two grant programs: Business Assistance Grant and Façade Improvement Grant. In 2018, in order to mitigate the impact of mixed-use development on a major parking lot, the ABDA also distributed micro-grants to affected businesses.

Business Assistance Grant: The ABDA awarded one Business Assistance Grant of \$20,000 to Delice et Chocolat with HUD Community Development Block Grant funds from Lower Merion Township. While the grant was awarded in 2017, funds were dispersed in 2018. The grant is guaranteed by an escrow agreement with the applicant.

Façade Improvement Grant: The ABDA disbursed \$26,188 in façade funding to nine properties with funds from the Pennsylvania Department of Community and Economic Development. An additional four properties received approval for funding with an expected value of \$14,455 upon completion.

Micro-Grant Program: The ABDA awarded 19 micro-grants totaling \$16,227 to businesses affected by construction of One Ardmore Place on Cricket Avenue. Businesses were required to submit an application indicating proactive use of funds to mitigate the negative impact of construction. Micro-grants were funded by One Ardmore Associates LLP.

ORGANIZATION

The ABDA is overseen by a 9 to 15-member Board of Directors comprised of local property owners, merchants, and residents of Lower Merion Township. The Board is run by an Executive Committee consisting of a Chairperson, Secretary, Treasurer, and an ad hoc member. In 2018, staff consisted of one full time Executive Director, one full time Main Street Manager (hired May 2018), one part-time data manager (hired June 2018), two part-time maintenance workers, and a sub-contracted Marketing Director.

In 2018, volunteers contributed 778 volunteer hours, valued at \$19,403 at \$24.94 per hour. Many volunteers served on Board-led committees and task forces, such as the Streetscape Committee, Family-Serving Committee, Organization, Experiential Retail Committee, and Peer Review Committee. The work produced through the committees helped ABDA dba The Ardmore Initiative maintain its status as both as an accredited National Main Street program, recognized by the National Trust for Historic Preservation and National Main Street Center as well as a Pennsylvania-designated Main Street Program recognized by the Pennsylvania Department of Community & Economic Development and the Pennsylvania Downtown Center.

REQUESTS FOR INFORMATION

These financial statements and discussions are designed to provide our citizens, taxpayers, and other stakeholders with a complete disclosure of the Authority's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Executive Director, Ardmore Initiative, 56 E. Lancaster Avenue, Ardmore, PA 19003.

ARDMORE BUSINESS DISTRICT AUTHORITY

**Statement of Net Position
as of December 31, 2018**

	Primary Government	Component Unit
	Governmental Activities	Ardmore Community Development Fund
ASSETS		
Current Assets:		
Cash	\$ 135,786	\$ 3,394
Assessment Receivable	28,575	-
Grants Receivable	15,754	-
Receivable from Primary Gov't	-	614
Prepaid Expenses	3,935	-
Total Current Assets	184,050	4,008
Non-Current Assets:		
Capital Assets, net of Depreciation	1,179	
Security Deposit	2,000	
Total Non-Current Assets	3,179	-
TOTAL ASSETS	187,229	4,008
LIABILITIES & NET POSITION		
Current Liabilities:		
Accounts Payable	277	
Payable to Component Unit	614	
Grants Escrows Held	40,029	
TOTAL LIABILITIES	40,920	-
NET POSITION		
Invested in Capital Assets	1,179	-
Unrestricted Net Position	145,130	4,008
Total Net Position	\$ 146,309	\$ 4,008

The accompanying notes are an integral part of these financial statements.

ARDMORE BUSINESS DISTRICT AUTHORITY

**Balance Sheet - Governmental Funds
as of December 31, 2018**

	<u>General Fund</u>
ASSETS	
Cash & Cash Equivalents	\$ 135,786
Assessment Receivable	28,575
Grants Receivable	15,754
Prepaid Expenses	3,935
Security Deposit	2,000
TOTAL ASSETS	<u>\$ 186,050</u>
 LIABILITIES & FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 277
Accounts Payable-Component Unit	614
Escrow Payable	40,029
TOTAL LIABILITIES	<u>40,920</u>
 FUND BALANCES	
Non-spendable	
Prepaid Expenses	3,935
Security Deposit	2,000
Unassigned	139,195
TOTAL FUND BALANCES	<u>145,130</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 186,050</u>

**Reconciliation of Total Fund Balances of Governmental Funds
to Total Government Net Position, December 31, 2018**

Total Fund Balances of Governmental Funds (above)	\$ 145,130
Amounts Reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets used in governmental activities are not financial resources and therefore, are not reported as assets in gov't funds	1,179
Total Governmental Net Position (p.8)	<u>\$ 146,309</u>

The accompanying notes are an integral part of these financial statements.

ARDMORE BUSINESS DISTRICT AUTHORITY

**Statement of Revenues, Expenditures, & Changes in Fund Balances
Governmental Funds for the year ended December 31, 2018**

	<u>General Fund</u>
REVENUES	
Assessments	\$ 214,372
Events & Programs, Sponsorships	70,615
Grants & Contributions	188,119
Local Government Subsidies	10,000
Interest Earnings	390
TOTAL REVENUES	<u>483,496</u>
EXPENDITURES	
Business Support & Advocacy	154,783
Grants Awarded	62,416
General & Operating	60,467
Special Events & Contributions	37,748
Streetscape	55,597
Economic Development & Advertising	110,469
TOTAL EXPENDITURES	<u>481,480</u>
Transfers from Component Unit	<u>16,750</u>
NET CHANGE IN FUND BALANCE	18,766
FUND BALANCES, BEGINNING of YEAR	<u>126,364</u>
FUND BALANCES, END of YEAR	<u><u>\$ 145,130</u></u>

The accompanying notes are an integral part of these financial statements.

ARDMORE BUSINESS DISTRICT AUTHORITY

**Reconciliation of the Statement of Revenues, Expenditures, & Changes
in Fund Balances of Governmental Funds to the Statement of Activities
as of December 31, 2018**

	<u>General Fund</u>
Amounts reported for the governmental activities in the statement of activities are different because:	
Net Changes in Fund Balances - total governmental funds (p.11)	\$ 18,766
Expenditures for Capital Assets	1,255
Depreciation Expense claimed on Government-wide Statement of Activities	(1,066)
	<hr/>
Change in Net Position of Governmental Funds (p.9)	<u>\$ 18,955</u>

The accompanying notes are an integral part of these financial statements.

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2018

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

The Ardmore Business District Authority (hereinafter “Authority”) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements & Interpretations).

A. NATURE of 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 1945. 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 Ardmore Initiative is to manage the business improvement district in Ardmore, Pennsylvania, to improve the business mix, to foster the preservation and development of downtown’s historic buildings, be an advocate for business and property owners, promote the downtown for the benefit of all Ardmore residents, and to partner with the Lower Merion Township and area community organizations. 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) as an organization described in Section 501(c)(3). The ACDF’s application for 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 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.

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

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

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2018

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.

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.

Discretely Presented Component Unit. The Ardmore Community Development Fund is a component unit of the Ardmore Business District Authority. These financial statements discreetly present the assets, liabilities, net assets, and activities of each of the Ardmore Business District Authority and the Ardmore Community Development Fund. 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.

C. MEASUREMENT FOCUS. BASIS of ACCOUNTING

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Authority. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2.) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

i.) Government-Wide Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2018

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Authority reports the following major government fund:

- General Fund - The General Fund is the Authority's primary operating fund, it accounts for all financial resources, except those required to be accounted for in another fund.

ii.) Governmental Fund Balances. This statement provides a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Authority's financial statements. The statement establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable - Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed by grantors or creditors.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by the Board of Directors resolution.
- Assigned - Amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.
- Unassigned - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

E. CASH DEPOSITED in FINANCIAL INSTITUTIONS

Deposits. 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 2018 did not exceed these limits.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. Pennsylvania Act 72 of 1971, as amended, allows depositories to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institution's trust department.

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2018

Interest Rate Risk - The Authority has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - The Authority has no investment policy that would limit the amount the Authority may invest in one issuer.

F. CAPITAL ASSETS

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical 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). Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is being provided for using the straight-line method over the estimated useful life 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 2018, approximately 778 hours of volunteer service were performed on behalf of the Ardmore Initiative. At the state's valuation of \$24.94 per hour, this would amount to approximately \$19,403. This valuation has not been reflected in the accompanying financial statements.

I. COMPENSATED ABSENCES & POST-EMPLOYMENT BENEFITS

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. Employer contributions are remitted on an individual payroll basis. As of 31st December 2018, the Ardmore Initiative has liabilities for neither compensated absences nor post-employment benefits.

J. INCOME TAXES

The ABDA is a local government entity; as such it is not subject to federal, state, or local income taxes. The ACDF is a tax-exempt organization described in IRC Section 501(c)(3) and accordingly, is not subject to federal or state income taxes. However, income from certain activities not directly related to the ACDF's tax-exempt purpose may be subject to taxation as unrelated business income. Generally accepted

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2018

accounting principles prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the ACDF's tax returns.

Management has determined that the ACDF does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the ACDF's tax returns will not be challenged by any taxing authority and that the ACDF will not be subject to additional tax, penalties, and interest as a result of such challenge. Income tax returns of the ACDF are subject to examination by tax authorities, generally for three years after they were filed. The organization believes it has appropriate support for any & all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. None of the organization's federal income tax returns (Form 990-EZ) are currently under examination. However, tax years 2015-2017 remain subject to examination by the Internal Revenue Service.

NOTE 2 - RECEIVABLES

As of 31st December 2018, the Authority had Assessment Receivable of \$28,575. The Authority places liens on properties for which they carry receivables; therefore, the Authority deems all receivables collectible at 100%. After a thorough analysis, the Authority determined that it had been carrying \$2,527 of receivables on penalty assessments that it has determined to be uncollectible. Assessments Receivables has therefore been reduced by this amount, and a charge recognized against 2018 income.

As of 31st December 2018, Grants Receivable totaled of \$15,754, all of which were all received in January 2019.

NOTE 3 - PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased. As of 31st December 2018, the authority had prepaid insurance of \$3,935 and Security Deposit of \$2,000.

NOTE 4 - CAPITAL ASSETS

Capital Assets consist of furniture, equipment, and leasehold improvements of the Authority as of the following at 31st December 2018:

	Beginning of Year	Additions	Deletions	End of Year
Furniture & Equipment	\$ 65,759	\$ 1,255	\$ -	\$ 67,014
Leasehold Improvements	15,770			15,770
	81,529	1,255	-	82,784
less: Accumulated Depr'n	80,539	1,066	-	81,605
Total Capital Assets, net	\$ 990	\$ 189	\$ -	\$ 1,179

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2018

Depreciation expense for the Ardmore Business District Authority for 2018 totaled \$1,066. The ACDF has no capital assets, and therefore, no depreciation expense.

NOTE 5 - FUND BALANCE

Non-Spendable Fund Balances		
Prepaid Expenses	\$	3,935
Security Deposit		<u>2,000</u>
		5,935
Unassigned Fund Balances		<u>139,195</u>
TOTAL FUND BALANCES	\$	<u><u>145,130</u></u>

NOTE 6 - REVENUES

For the year ended 31st December 2018, Ardmore Initiative received over 42% of its revenues from a single source, namely the property tax assessments provided by the owners of the properties located in the business district.

	ABDA	ACDF	Total	Percentage
	<u>Amount</u>	<u>Amount</u>		
Property Tax Revenue	\$ 214,372	\$ -	\$ 214,372	42.55%
Grants & Contributions - Dranoff Enterprises	132,000	-	132,000	26.20%
All Other Revenues	<u>137,124</u>	<u>20,335</u>	<u>157,459</u>	<u>31.25%</u>
	<u>\$ 483,496</u>	<u>\$ 20,335</u>	<u>\$ 503,831</u>	<u>100.00%</u>

NOTE 7 - 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. The following information pertains to the year ended 31st December 2018:

Total Taxable Property Assessments	\$	119,536,760
Assessment for 2018 (in mills)		1.88
Calculated Property Tax Levied (before assessment adjustments)	\$	224,729

NOTE 8 - DOWNTOWN DOLLARS

The Authority coordinated a program titled Downtown Dollars in order to support local businesses. This program consisted of the Authority issuing gift cards to shoppers (\$25-\$100)

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2018

redeemable only at participating Ardmore businesses. Each gift card purchased created an entry in a lottery where winners would win a matching gift card. As of 31st December 2018, the following activity was realized:

Total Funds Loaded Onto Gift Cards	\$	43,649
less: Funds Collected From Patrons		19,253
less: Processing Fees		<u>3,604</u>
Amount subsidized by grant from One Ardmore Place	\$	<u>20,792</u>

NOTE 9 - 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 2018 was \$24,600. Remaining payments on the lease will be as follows:

Year	Rent Expense
2019	\$ 25,200
2020	25,800
2021	25,800
2022	-
	<u>\$ 76,800</u>

NOTE 10 - SUBSEQUENT EVENTS

Ardmore Initiative has evaluated all events subsequent to 14th August 2019, 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.

REQUIRED SUPPLEMENTAL INFORMATION

ARDMORE BUSINESS DISTRICT AUTHORITY

Required Supplemental Information

**Budgetary Comparison Statement
Actual vs. Budget Comparison (cash basis of accounting)
for the year ended December 31, 2018**

	ACTUAL*	BUDGET	variance
Revenues			
Assessments	209,453	223,372	(13,919)
Sponsorships - Events & Programs	89,468	51,000	38,468
Grants & Contributions	193,628	152,000	41,628
Local Government Subsidies	10,000	10,000	0
Interest Earnings	411	250	161
Total Revenues	<u>502,960</u>	<u>436,622</u>	<u>66,338</u>
Expenditures			
Business Support & Advocacy	154,783	151,800	(2,983)
Grants Awarded	62,416	-	(62,416)
General & Operating	60,990	63,700	2,710
Special Events	37,748	30,000	(7,748)
Contributions	900		(900)
Streetscape	55,597	49,500	(6,097)
Economic Development & Advertising	110,469	56,300	(54,169)
Total Expenditures	<u>482,903</u>	<u>351,300</u>	<u>(131,603)</u>
Change in Net Assets	<u>20,057</u>	<u>85,322</u>	<u>(65,265)</u>
Net Assets, Beginning of Year (Budgetary Basis)	<u>77,314</u>		
Net Assets, End of Year (Budgetary Basis)	<u>97,371</u>		

* This column combines the ABDA General Fund & ACDF information.

ARDMORE BUSINESS DISTRICT AUTHORITY
NOTES to REQUIRED SUPPLEMENTAL INFORMATION
31st DECEMBER 2018

NOTE A - BUDGETARY POLICY

The Ardmore Business District Authority annually adopts the budget for its Governmental Fund. Management may not amend the budget without the approval of the Board of Directors. Uncommitted appropriations lapse at year-end.

NOTE B - BUDGETARY BASIS of ACCOUNTING

The Budget for the Governmental Fund was adopted on the cash basis of accounting; revenues reflect those funds actually expected to be received and expenditures reflect those funds actually expected to be spent.

NOTE C - EXCESS of EXPENDITURES OVER APPROPRIATIONS

For the year ended 31st December 2018, Governmental Fund revenue was greater than overall budgeted amounts. However, expenditures for the same period were greater than budgeted amounts in the following General Fund department levels by the following amounts:

	Budgeted Amounts	Actual Amounts	Amounts Over Budget
Business Support & Advocacy	\$ 151,800	\$ 154,783	\$ 2,983
Grants Awarded		62,416	62,416
General Operating Expenses	63,700	60,990	(2,710)
Special Events & Contributions	30,000	38,648	8,648
Streetscape	49,500	55,597	6,097
Economic Development & Advertising	56,300	110,469	54,169
	<u>\$ 351,300</u>	<u>\$ 482,903</u>	<u>\$ 131,603</u>