

ARDMORE BUSINESS DISTRICT AUTHORITY
AUDITED FINANCIAL STATEMENTS
31 December 2019

ARDMORE BUSINESS DISTRICT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Officers & Board of Directors of
The Ardmore Business District Authority &
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 2019, 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 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 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 and major fund, and the aggregate remaining fund information of the Ardmore Business District Authority as of 31st December 2019, 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 20 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 September 2020

ARDMORE BUSINESS DISTRICT AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
DECEMBER 31, 2019

The Ardmore Business District Authority discussion and analysis provides an overview of the ABDA's financial activities for the fiscal year ended in 2019. 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, 2019. 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 2019. 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

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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 decreased by \$34,693. Noncurrent assets increased by \$445 which was a result of \$908 in purchases of assets and \$463 in current depreciation.

Liabilities

Current liabilities decrease by \$16,900. This was mainly due to the decrease in escrow payable of \$20,010 and an increase in accounts payable of \$3,724. ABDA does not have any long-term liabilities.

Total Net Position

ABDA's total net position decreased by \$17,348, this was as a result of current year activity. The following tables summarize ABDA's net position and changes in net position:

	<u>2019</u>	<u>2018</u>
ASSETS:		
Total Current Assets	\$ 149,357	\$ 184,050
Capital Assets, net of Depreciation	1,624	1,179
Security Deposit	<u>2,000</u>	<u>2,000</u>
TOTAL ASSETS	<u>\$ 152,981</u>	<u>\$ 187,229</u>
LIABILITIES:		
Total Current Liabilities	<u>\$ 24,020</u>	<u>\$ 40,920</u>
NET POSITION:		
Invested in Capital Assets	1,624	1,179
Unrestricted Net Position	<u>127,337</u>	<u>145,130</u>
TOTAL NET POSITION	<u>128,961</u>	<u>146,309</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 152,981</u>	<u>\$ 187,229</u>

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MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
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	<u>2019</u>	<u>2018</u>
PROGRAM REVENUE		
Events & Programs, Sponsorships	\$ 40,187	\$ 70,615
GENERAL REVENUE		
Assessments	246,924	214,372
Grants & Contributions	7,231	188,119
Local Government Subsidies	10,000	10,000
Interest Income	302	390
TOTAL REVENUE	<u>\$ 304,644</u>	<u>\$ 483,496</u>
EXPENDITURES		
Business Support & Advocacy	\$ 130,245	\$ 154,783
Grants Awarded	10,334	62,416
General & Operating	62,861	59,212
Special Events & Contributions	29,346	37,748
Streetscape	58,391	55,597
Economic Development & Advertising	64,570	110,469
Depreciation	463	1,066
TOTAL EXPENDITURES	356,210	481,291
Transfers	<u>34,218</u>	<u>16,750</u>
NET CHANGE IN FUND BALANCES	<u>\$ (17,348)</u>	<u>\$ 18,955</u>

REVENUE

Revenues in 2019 decreased by \$178,852 or 37% from 2018, totaling \$304,644. The majority of this decrease can be attributed to the cessation of contribution from One Ardmore Place LLP. ABDA received \$132,000 from One Ardmore Place LLP in 2018.

The 2019 assessment millage rate was 1.88 mills. As of December 31, 2019, 190 out of 197 properties had paid their assessments, generating \$246,654 in revenue with a compliance rate of 98.4%. Assessment revenue was slightly higher in 2019 by \$32,282. In 2019, assessment revenues represent about 81% of all revenues. ABDA filed municipal liens against seven properties with outstanding assessments totaling \$4,329 in April 2020.

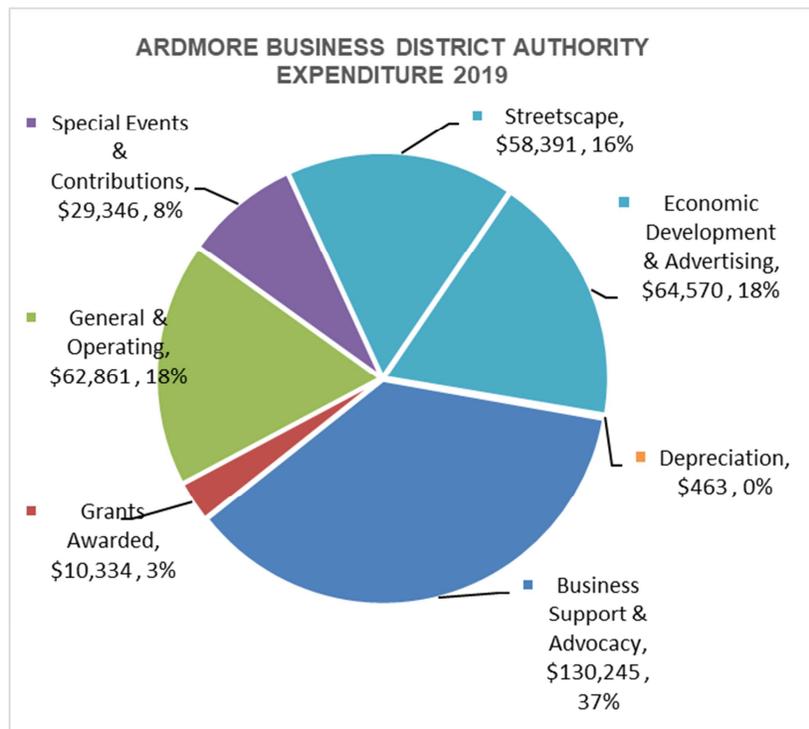
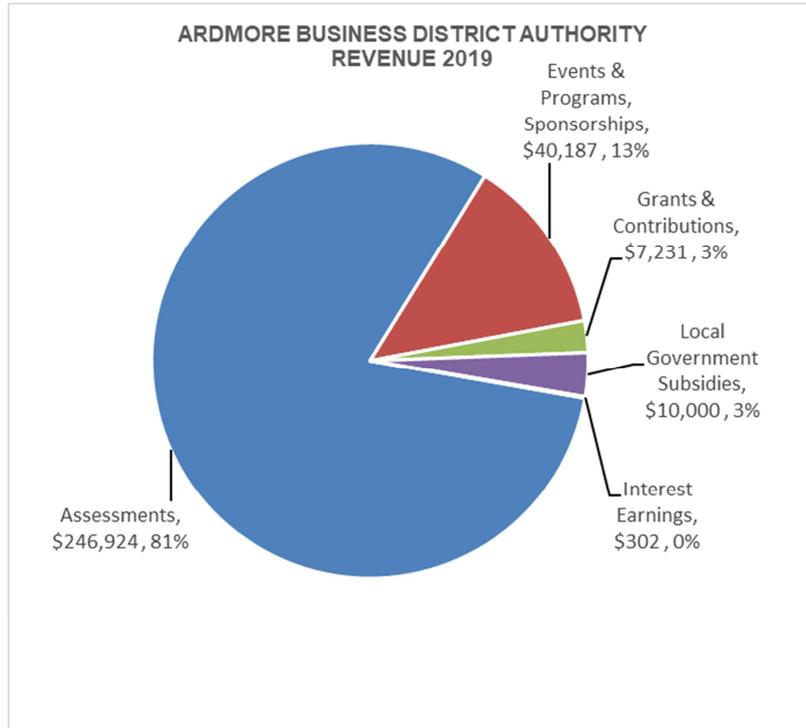
Event and program sponsorship amounted to \$40,187 or 13.2% of total revenues, a decrease from 2018 by \$30,428. Grants and contributions amounted to \$7,231 or 2.4% of total revenues, a decrease from 2018 by \$180,888. Local Government Subsidies amounted to \$10,000 or 3% of total revenue, no change from 2018. Interest income was \$302 or less than 0.1% of total revenues, a decrease of \$88 from the prior year.

EXPENDITURE

Expenditures totaled \$356,210, a decrease of \$127,393 or 26% from 2018 expenditures. Business support and advocacy decreased by \$24,538; grants awarded decreased by \$52,082; general and operating

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DECEMBER 31, 2019

expenses and streetscape expenses increased by \$2,394 and \$2,794 respectively; special events and contributions decreased by \$8,402; and economic development and advertising expenses decreased by \$45,899. Depreciation decreased by \$1,660.



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GRANT PROGRAMS

Façade Improvement Grant: The ABDA disbursed \$6,906 in façade funding to two properties with funds from the Pennsylvania Department of Community & Economic Development. An additional property did not meet DCED approval, so funding was borne by the authority for \$3,428.

ORGANIZATION

The ABDA is overseen by a Board of Directors comprised of 9 to 15 members from 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 2019, 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 2019, volunteers contributed 813 volunteer hours, valued at \$20,658 at \$25.41 per hour. Many volunteers served on Board-led committees and task forces, such as the Streetscape Committee, Family-Friendly Family Serving Committee, Organization Committee, Experiential Retail Committee, and Peer Review Committee. The work produced through the committees helped ABDA (dba The Ardmore Initiative) maintain its status as an accredited National Main Street program recognized by the National Trust for Historic Preservation and National Main Street 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, 2019**

	Primary Government	Component Unit
	Governmental Activities	Ardmore Community Development Fund
ASSETS		
Current Assets:		
Cash	\$ 115,191	\$ 4,981
Assessment Receivable	31,364	-
Grants Receivable	-	-
Receivable from Primary Gov't	-	-
Prepaid Expenses	2,802	-
Other Current Assets	-	-
Total Current Assets	149,357	4,981
Non-Current Assets:		
Capital Assets, net of Depreciation	1,624	-
Security Deposit	2,000	-
Total Non-Current Assets	3,624	-
TOTAL ASSETS	152,981	4,981
LIABILITIES & NET POSITION		
Current Liabilities:		
Accounts Payable	4,001	-
Payable to Component Unit	-	-
Grants Escrows Held	20,019	-
TOTAL LIABILITIES	24,020	-
NET POSITION		
Invested in Capital Assets	1,624	-
Unrestricted Net Position	127,337	4,981
Total Net Position	\$ 128,961	\$ 4,981

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

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**Statement of Activities
for the year ended December 31, 2019**

	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position	Component Unit
		Charges for Services	Operating Grants	Contributions	Capital Grants		Ardmore Community Development Fund
<i>Governmental Activities:</i>							
Business District Authority	\$ 356,210	\$ 17,622	\$ 16,906	\$ 325	\$ -	\$ (321,357)	
Total Primary Government	<u>\$ 356,210</u>	<u>\$ 17,622</u>	<u>\$ 16,906</u>	<u>\$ 325</u>	<u>\$ -</u>	<u>(321,357)</u>	
<i>Component Unit Activities</i>							
Ardmore Community Development Fund	\$ 415	\$ 10,550	\$ -	\$ 25,035	\$ -		\$ 35,170
		General Revenues, Special Items & Transfers					
						246,924	
						22,565	
						302	21
						34,218	(34,218)
						<u>304,009</u>	<u>(34,197)</u>
						(17,348)	973
						146,309	4,008
						<u>\$ 128,961</u>	<u>\$ 4,981</u>

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

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**Balance Sheet - Governmental Funds
as of December 31, 2019**

	<u>ABDA General Fund</u>
ASSETS	
Cash & Cash Equivalents	\$ 115,191
Assessment Receivable	31,364
Prepaid Expenses	2,802
Security Deposit	2,000
TOTAL ASSETS	<u><u>\$ 151,357</u></u>
LIABILITIES & FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 4,001
Escrow Payable	20,019
TOTAL LIABILITIES	<u>24,020</u>
FUND BALANCES	
Non-spendable	
Prepaid Expenses	2,802
Security Deposit	2,000
Unassigned	122,535
TOTAL FUND BALANCES	<u>127,337</u>
TOTAL LIABILITIES & FUND BALANCES	<u><u>\$ 151,357</u></u>

**Reconciliation of Total Fund Balances of Governmental Funds
to Total Government Net Position, December 31, 2019**

Total Fund Balances of Governmental Funds (above)	\$ 127,337
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	1,624
Total Governmental Net Position (p.8)	<u><u>\$ 128,961</u></u>

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

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**Statement of Revenues, Expenditures, & Changes in Fund Balances
Governmental Funds for the year ended December 31, 2019**

	<u>ABDA General Fund</u>
REVENUES	
Assessments	\$ 246,924
Events & Programs, Sponsorships	40,187
Grants & Contributions	7,231
Local Government Subsidies	10,000
Interest Earnings	302
TOTAL REVENUES	<u>304,644</u>
EXPENDITURES	
Business Support & Advocacy	130,244
Grants Awarded	10,334
General & Operating	63,770
Special Events & Contributions	29,346
Streetscape	58,391
Economic Development & Advertising	64,570
TOTAL EXPENDITURES	<u>356,655</u>
Transfers from Component Unit	<u>34,218</u>
NET CHANGE IN FUND BALANCE	(17,793)
FUND BALANCES, BEGINNING of YEAR	<u>145,130</u>
FUND BALANCES, END of YEAR	<u><u>\$ 127,337</u></u>

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

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**Reconciliation of the Statement of Revenues, Expenditures, & Changes
in Fund Balances of Governmental Funds to the Statement of Activities
as of December 31, 2019**

	<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)	\$ (17,793)
Expenditures for Capital Assets	908
Depreciation Expense claimed on Government-wide Statement of Activities	(463)
	<hr/>
Change in Net Position of Governmental Funds (p.9)	<u>\$ (17,348)</u>

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

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2019

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

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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. BASIS of PRESENTATION & BASIS of ACCOUNTING

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 are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they are earned. Expenditures are recorded when a liability is incurred. 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.

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- ii.) The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis. 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.

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.

D. GOVERNMENTAL FUND BALANCES

The Authority has established 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 2019 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.

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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 2019, approximately 813 hours of volunteer service were performed on behalf of the Ardmore Initiative. At the state's valuation of \$25.41 per hour, this would amount to approximately \$20,658. This valuation has not been reflected in the accompanying financial statements.

I. 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 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

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NOTES to FINANCIAL STATEMENTS

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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 2016-2018 remain subject to examination by the Internal Revenue Service.

NOTE 2 - RECEIVABLES

As of 31st December 2019, the Authority had Assessment Receivable of \$31,094. The Authority places liens on properties for which they carry receivables; therefore, the Authority deems all receivables collectible at 100%.

NOTE 3 - CAPITAL ASSETS

Capital Assets consist of furniture, equipment, and leasehold improvements of the Authority as of the following at 31st December 2019:

	Beginning of Year	Additions	Deletions	End of Year
Furniture & Equipment	\$ 67,014	\$ -	\$ -	\$ 67,014
Leasehold Improvements	15,770	908		16,678
	82,784	908	-	83,692
less: Accumulated Depr'n	81,605	463	-	82,068
Total Capital Assets, net	<u>\$ 1,179</u>	<u>\$ 445</u>	<u>\$ -</u>	<u>\$ 1,624</u>

Depreciation expense for the Ardmore Business District Authority for 2019 totaled \$466. The ACDF has no capital assets, and therefore, no depreciation expense.

NOTE 4 - FUND BALANCE

Non-Spendable Fund Balances	
Prepaid Expenses	\$ 2,802
Security Deposit	<u>2,000</u>
	4,802
Unassigned Fund Balances	<u>122,535</u>
TOTAL FUND BALANCES	<u><u>\$ 127,337</u></u>

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2019

NOTE 5 - REVENUES

For the year ended 31st December 2019, Ardmore Initiative received over 72% 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 Amount	ACDF Amount	Total	Percentage
Property Tax Revenue	\$ 246,924	\$ -	\$ 246,924	72.57%
Grants & Contributions	17,231	25,034	42,265	12.42%
All Other Revenues	40,489	10,571	51,060	15.01%
	<u>\$ 304,644</u>	<u>\$ 35,605</u>	<u>\$ 340,249</u>	<u>100.00%</u>

NOTE 6 - 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 2019:

Total Taxable Property Assessments	\$ 129,605,713
Assessment for 2019 (in mills)	1.88
Calculated Property Tax Levied (before assessment adjustments)	\$ 243,659

NOTE 7 - DOWNTOWN DOLLARS

The Authority did not continue the Downtown Dollars program during 2019. However, certain contractual expenses were continued into 2019. Also, unused funds from expired cards were returned to the Authority in Spring 2019. For the year ended 31st December 2019, the residual activity of the Downtown Dollars programs was as follows:

Downtown Dollars, for the Year Ended 31 December 2019:	
Return of Funds on Expired Cards	\$ 1,861
less: service contract	(3,354)
less: other expenses	(359)
	<u>\$ (1,852)</u>

ARDMORE BUSINESS DISTRICT AUTHORITY

NOTES to FINANCIAL STATEMENTS

31st DECEMBER 2019

NOTE 8 - 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 2019 was \$25,645 (\$25,200 cash payment plus \$445 in forgiven property tax assessments). Remaining payments on the lease will be as follows:

Year	Rent Expense	Assessment (Estimated at 2019 millage rate)	Total
2020	25,800	445	26,245
2021	25,800	445	26,245
	<u>\$ 51,600</u>	<u>\$ 890</u>	<u>\$ 52,490</u>

NOTE 9 - SUBSEQUENT EVENTS

The Authority has evaluated all events subsequent to 30th September 2020, which is the date these financial statements were available to be issued and has determined that the following require disclosure.

In early 2020, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic which has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and advisories and quarantining of people who may have been exposed to the virus. After close monitoring and responses and guidance from federal, state, and local governments, the Authority's office closed to the public during March 2020. At this point, the duration and severity of this pandemic cannot be reasonably estimated, which could have a material adverse impact on our business, results of operations, financial position, and cash flows. However, as of the date of these financial statements, the financial impact is not expected to be significant, and therefore, these financial statements do not include and adjustments that might result from the outcome of this uncertainty.

ARDMORE BUSINESS DISTRICT AUTHORITY

Required Supplemental Information

**Budgetary Comparison Statement
Actual vs. Budget Comparison (cash basis of accounting)
for the year ended December 31, 2019**

	ACTUAL*	BUDGET	variance
Revenues			
Assessments	246,924	223,372	23,552
Sponsorships - Events & Programs	40,187	37,500	2,687
Grants & Contributions	7,231	84,010	(76,779)
Local Government Subsidies	10,000	10,000	0
Interest Earnings	302	250	52
Total Revenues	304,644	355,132	(50,488)
Expenditures			
Business Support & Advocacy	130,244	150,000	19,756
Grants Awarded	10,334	20,000	9,666
General & Operating	63,770	64,750	980
Special Events	29,346	26,000	(3,346)
Contributions			0
Streetscape	58,391	57,300	(1,091)
Economic Development & Advertising	64,570	58,300	(6,270)
Total Expenditures	356,655	376,350	19,695
Transfer from component unit	34,218		
Change in Net Assets	<u>(17,793)</u>	<u>(21,218)</u>	<u>(70,183)</u>
Net Assets, Beginning of Year (Budgetary Basis)	<u>97,372</u>		
Net Assets, End of Year (Budgetary Basis)	<u><u>79,579</u></u>		

* This column combines the ABDA General Fund & ACDF (component unit) information.

ARDMORE BUSINESS DISTRICT AUTHORITY
NOTES to REQUIRED SUPPLEMENTAL INFORMATION
31st DECEMBER 2019

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 2019, 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:

	Actual Amounts	Budgeted Amounts	Amounts Over Budget
Business Support & Advocacy	\$ 130,244	\$ 150,000	\$ 19,756
Grants Awarded	10,334	20,000	9,666
General Operating Expenses	63,770	64,750	980
Special Events & Contributions	29,346	26,000	(3,346)
Streetscape	58,391	57,300	(1,091)
Economic Development & Advertising	64,570	58,300	(6,270)
	<u>\$ 356,655</u>	<u>\$ 376,350</u>	<u>\$ 19,695</u>