

ARDMORE BUSINESS  
DISTRICT AUTHORITY

FINANCIAL STATEMENTS &  
AUDITORS' REPORT

YEAR ENDED  
31<sup>st</sup> DECEMBER 2012

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**Management Discussion and Analysis**  
**Ardmore Business District Authority 2012 Audit**  
**Christine Vilardo, Executive Director, August 26, 2013**

- **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 2012, in addition to their financial contributions, Board, committee and community members dedicated over 1,231 volunteer hours, valued at \$24,130, (based on Pa. value of \$19.61 per volunteer hour).
  - 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, 2 part-time administrative assistants, 1 part-time maintenance worker and a sub-contracted Marketing Director.
  - 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 a National Main Street program, recognized by the National Trust for Historic Preservation as well as its Achiever status as a Pa Main Street program, recognized by the Pa. Downtown Center.
  
- **Vacancies:** 2012 ended with a reduced vacancy rate of approximately 3%.
  
- **New Businesses/ Property Owner Investment:**
  - 7 new businesses opened in the downtown Ardmore commercial district.
  - Investment by business and property owners representing approximately 40 properties is valued at \$923,888.
  
- **Events & Activities:** In addition to Ardmore Initiative produced events (Leadership Luncheon, Taste of Ardmore and roundtables) 2012 saw an increase in events generated and managed by local business owners. This engagement not only created more on-street activity but also generated additional revenues for the Initiative in fees and donations.
  - **Roundtables:** The Ardmore Initiative hosted the 4th annual Leadership Luncheon (attended by over 100 guests) as well as a Brokers' Breakfast. The purpose of these meetings is to keep our stakeholders informed of relevant issues and developments and to learn more about their needs and concerns.
  - **Taste of Ardmore:** The fourth annual Taste of Ardmore Food & Fashion, presented and hosted by Ardmore Toyota in November 2012 showcased the variety of cuisines offered by Ardmore restaurants and the breadth of fashion, accessories and salon services available at our local businesses. 32 retailers and salons, 15 restaurants, 24 volunteer models participated and over 300 guests attended the event. Thanks to the support of 24 sponsors, 10 In-kind sponsors over \$20,000 was raised to support the Initiative's projects and programs
  - **Clover Market:** The Clover Market, the Main Line's only outdoor vintage and antiques market, expanded in 2011 to include not only vintage but also hand-crafted items and more local food vendors. Held monthly in April, May, June, Sept., Oct. and Nov. in Schaufele Plaza, the Clover Market brought hundreds of new shoppers into our town.
  - **Ardmore Oktoberfest/ Cricket Craft & BrewFest:** The Ardmore Initiative supported the efforts of McCloskey's Tavern, Gillane's Tavern and John Henry's Pub to present the Ardmore Oktoberfest and Cricket Craft & BrewFest.
  
- **Grants:**
  - In 2012 we received a Keystone Communities grant for \$80,000 from the Pa. Department of Community & Economic Development. Funds re awarded as follows: \$50,000 for Façade Improvement Grant Program, \$22,764 for Streetscape Amenities, and \$7236 for Marketing activities. The contract period is July 1, 2012 to June 30, 2014.
  - The AI secured an additional \$50,000 in HUD Community Development Block Grant funds from Lower Merion Township to continue a Business Assistance Grant program to support our business recruitment efforts
  
- **Business Assistance:**
  - In 2012 the AI awarded CDBG Business Assistance Grants in the amount of \$25,000 to Tired Hands Brewing Company and of \$15,000 to Viva Video. These two businesses generated over 21 new jobs.

- In addition, Façade Grants totaling \$9716.94 with funds from a 2012 Pa. Dept of Community & Economic Development Keystone Communities grant were awarded to:
  - Jack McShea's: \$5,000
  - Grape Leaves Grille: \$573.20
  - Open Sky Energy: \$433.64
  - Ardmore Paperback Bookshop: \$3710.10

These disbursements are reflected in the Grants Awarded expenses of the 2012 Statement of Revenues and Expenditures.

- **Financial Highlights:**

- **Assessment Rate and Collection:** The 2012 millage rate was .001704, an increase of 6% over 2011. Of 199 assessed properties, 190 properties, representing a compliance rate of > 95% paid a total of \$179,990 in assessments, representing 62% of organizational revenues. Nine (9) properties were not compliant.
- **Other Revenues:** Special Events, Programs and Sponsorships, Contributions, Grants (including a contribution of \$10,000 from Lower Merion Township), Interest, and Fee for Service activities, including \$35,938 collected by the Ardmore Community Development Fund, generated an additional \$108,908 for program implementation. Total revenues of \$288,898 represent an increase of \$55,295 over 2011 revenues. This increase is largely from the CDBG grant award.
- **Expenses:** Expenditures total \$286,414, an increase of \$43,531 over 2011 expenditures. This increase is largely due to the awarding of the new Business Assistance Grants, more spending in Streetscape and Economic Development programs, and nominal increases in staff salaries. Business Support & Advocacy expenses of \$113,624 account for 39% of all expenditures. General and Operating Expenses of \$50,275 account for 17.5%. Economic Development and Advertising expenses of \$35,442, along with Special Event & Contributions expenses of \$5,356, and Program Expenditures and Grants Awarded of \$47,907 (\$49,717 less reimbursed expenses of \$1,810) account for 30.9% of total expenditures; Streetscape expenditures of \$22,217 account for 7%; Depreciation of \$11,593 account for 4% of overall expenditures. In addition, due to changes in Pa. Dept of Community & Economic Development, \$9834.33 in Façade Grant Awards, Streetscape and Marketing expenses reported in 2012 were reimbursed by DCED in 2013.
- **Escrow of Funds:** As a condition of LMT CDBG funding, the AI was required to escrow \$25,000 with Lower Merion Township to secure the grant made to Tired Hands Brewing Company. Funds will remain in escrow for the duration of the grant contract.

*Christine Vilardo*

**Christine Vilardo  
Executive Director  
The Ardmore Initiative**

# Peterson, Fieo & Co.

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## INDEPENDENT AUDITORS' REPORT

To the Officers & Board of Directors of  
The Ardmore Business District Authority

We have audited the accompanying Statement of Net Assets of the Ardmore Business District Authority as of 31<sup>st</sup> December 2012, along with the related Statement of Revenues, Expenditures, & Changes in Net Assets, and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the above named entities. Our responsibility is to express an opinion on these financial statements based on our audit.

Auditor's Responsibility. The auditor's 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 as of 31<sup>st</sup> December 2012, and the combined results of operations, the combined cash flows, and the budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Management's Discussion & Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements; accordingly, we express no opinion thereon.

*Peterson, Fieo & Co.*

Peterson, Fieo & Co.  
24<sup>th</sup> June 2013

**ARDMORE BUSINESS DISTRICT AUTHORITY**

**Statement of Net Assets  
as of December 31, 2012**

	<b>ABDA</b>	<b>ACDF</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 113,955	\$ 4,511	\$ 118,466
Assessment Receivable	49,030		49,030
Grants Receivable	9,834		9,834
Accounts Receivable Affiliate	-	140	140
Prepaid Expenses	3,739		3,739
Escrow Deposit Receivable	25,000		25,000
Other Current Assets	2,400	321	2,721
Total Current Assets	<u>203,958</u>	<u>4,972</u>	<u>208,930</u>
Non-Current Assets:			
Capital Assets ( <i>net of depreciation</i> )	28,793		28,793
Security Deposits	2,000		2,000
Total Non-Current Assets	<u>30,793</u>	<u>-</u>	<u>30,793</u>
TOTAL ASSETS	<u>\$ 234,751</u>	<u>\$ 4,972</u>	<u>\$ 239,723</u>
<b>LIABILITIES &amp; NET ASSETS</b>			
Current Liabilities:			
Accounts Payable & Accrued Expenses	\$ 2,900	\$ -	\$ 2,900
Accounts Payable Affiliate	140		140
Deferred Revenue	1,260		1,260
Downtown Dollars	-		-
Total Current Liabilities	<u>4,300</u>	<u>-</u>	<u>4,300</u>
Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,300</u>	<u>-</u>	<u>4,300</u>
Net Assets:			
Unrestricted	201,658	4,972	206,630
Unrestricted - Fixed Assets	28,793		28,793
Temporarily Restricted			-
Permanently Restricted			-
Total Net Assets	<u>230,451</u>	<u>4,972</u>	<u>235,423</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 234,751</u>	<u>\$ 4,972</u>	<u>\$ 239,723</u>

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

**ARDMORE BUSINESS DISTRICT AUTHORITY**

**Statement of Revenues, Expenditures, & Changes in Net Assets  
for the year ended December 31, 2012**

	<b>ABDA</b>	<b>ACDF</b>	<b>TOTAL</b>
Revenues			
Assessments	\$ 179,990		\$ 179,990
Events & Programs, Sponsorships	9,416	35,938	45,354
Grants	49,834		49,834
Local Government Subsidies	10,000		10,000
Contributions	2,200		2,200
Interest Earnings	1,520		1,520
Total Revenues	<u>252,960</u>	<u>35,938</u>	<u>288,898</u>
Expenditures			
Business Support & Advocacy	112,334	1,290	113,624
Program Expenditures, Grants Awarded	49,717		49,717
General & Operating	50,275		50,275
Special Events & Contributions	5,356		5,356
Streetscape	22,217		22,217
Economics Development & Advertising	35,442		35,442
Depreciation Expense	11,593		11,593
less: reimbursed expenses	(1,810)		(1,810)
Total Expenditures	<u>285,124</u>	<u>1,290</u>	<u>286,414</u>
Transfers	<u>34,178</u>	<u>(34,178)</u>	<u>-</u>
Net Change in Net Assets	2,014	470	2,484
Net Assets, Beginning of Year	228,437	4,502	230,663
Net Assets, End of Year	<u>\$ 230,451</u>	<u>\$ 4,972</u>	<u>\$ 233,147</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, 2012**

	<b>ABDA</b>	<b>ACDF</b>	<b>TOTAL</b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities</b>			
Change in Total Net Assets	\$ 2,014	\$ 470	\$ 2,484
Depreciation Expense	11,593	-	11,593
Change in Assets:			
Assessment Receivable: Decrease (Increase)	(10,271)	80	(10,191)
Grants Receivable: Decrease (Increase)	(9,834)		(9,834)
Accounts Receivable Affiliate: Decrease (Increase)		(140)	(140)
Prepaid Expenses: Decrease (Increase)	(1,886)		(1,886)
Escrow: Decrease (Increase)	(25,000)		(25,000)
Other Current Assets: Decrease (Increase)	(1,395)	1,850	455
Change in Liabilities:			
Accounts Payable & Accrued Exps.: Increase (Decrease)	(2,770)		(2,770)
Accounts Payable Affiliates.: Increase (Decrease)	140		140
Deferred Revenue: Increase (Decrease)	1,260		1,260
Downtown Dollars Reimbursements Due: Increase (Decrease)	-		-
effects of rounding	1	(1)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(36,148)</b>	<b>2,259</b>	<b>(33,889)</b>
<b>Cash Provided (Used) by Investing Activities</b>			
Furniture and Equipment	(5,233)		(5,233)
<b>Cash Provided (Used) by Financing Activities</b>			
<b>Net Change in Cash</b>	<b>(41,381)</b>	<b>2,259</b>	<b>(39,122)</b>
Cash, Beginning of year	155,336	2,252	157,588
Cash, End of Year	<u>\$ 113,955</u>	<u>\$ 4,511</u>	<u>\$ 118,466</u>

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

# ARDMORE BUSINESS DISTRICT AUTHORITY

## NOTES to FINANCIAL STATEMENTS 31<sup>st</sup> DECEMBER 2012

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### NOTE 1. NATURE of ORGANIZATION

Organization. The Township of Lower Merion, Montgomery County, Pennsylvania established the Ardmore Business District Authority (hereinafter “Authority”) on 5<sup>th</sup> October 1993 as a municipal authority under the provisions of the Pennsylvania Municipal Authorities Act of 1945<sup>1</sup>. Originally chartered for five years, the Authority’s charter was renewed in 1998, 2003, and again in 2008. The Authority is due for reauthorization in 2013. 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 18<sup>th</sup> February 2009 and is exempt from federal income tax under U.S. Internal Revenue Code Section 501(a)<sup>2</sup> as an organization described in Section 501(c)(3)<sup>2</sup>. The ACDF’s application for said tax-exempt status was approved by the Internal Revenue Service retroactive to 18<sup>th</sup> 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.

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

<sup>2</sup> U.S. Internal Revenue Code of 1986, as amended

**ARDMORE BUSINESS DISTRICT AUTHORITY**

**NOTES to FINANCIAL STATEMENTS  
31<sup>st</sup> DECEMBER 2012**

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**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 31<sup>st</sup> of each year. As a *special purpose government entity engaged only in business-type activities*<sup>3</sup>, 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 Revenues, Expenditures, and Changes in Net Assets 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 time restriction ends or purpose restriction is accomplished), temporarily

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<sup>3</sup> 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  
31<sup>st</sup> DECEMBER 2012**

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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 31<sup>st</sup> December 2012.

(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 31<sup>st</sup> December 2012.

- (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 2012, approximately 1,231 hours of volunteer service were performed on behalf of the Ardmore Initiative. At the state’s valuation of \$19.61 per hour, this would amount to approximately \$24,130. 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 31<sup>st</sup> December 2012, 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 31<sup>st</sup> December 2012, 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 which it may be functionally accountable, and (b.) which raise and hold economic resources for the direct benefit of the Authority.

**ARDMORE BUSINESS DISTRICT AUTHORITY**

**NOTES to FINANCIAL STATEMENTS  
31<sup>st</sup> DECEMBER 2012**

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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. According to this pronouncement, the Ardmore Business District Authority is a component unit of Lower Merion Township, Montgomery County, Pennsylvania.

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.

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 31<sup>st</sup> December 2012 did not exceed these limits.

**ARDMORE BUSINESS DISTRICT AUTHORITY**

**NOTES to FINANCIAL STATEMENTS  
31<sup>st</sup> DECEMBER 2012**

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**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 31<sup>st</sup> December 2012:

	Beginning of Year	Additions	Deletions	End of Year
Furniture & Equipment	\$ 55,151	\$ 5,233	\$ -	\$ 60,384
Leasehold Improvements	15,770			15,770
	70,921	5,233	-	76,154
less: Accumulated Depr'n	35,768	11,593	-	47,361
Total Capital Assets, net	<u>\$ 35,153</u>	<u>\$ (6,360)</u>	<u>\$ -</u>	<u>\$ 28,793</u>

During 2010, the Authority entered into an agreement to purchase holiday lighting for several streets whereby in each of 2010, 2011, & 2012, approximately  $\frac{1}{3}$  of the current lighting will be replaced with payments of \$8,650 in 2010 and \$5,233 in 2011 and 2012 being due annually. Additions to Furniture & Equipment represent the 2012 portion of this acquisition only.

Depreciation expense for 2012 totaled \$11,593.

The ACDF has no capital assets.

**NOTE 7. ACCOUNTS PAYABLE & ACCRUED EXPENSES**

Amounts listed as Accounts Payable reflect expenses incurred during the year but not paid as of December 31<sup>st</sup>.

**NOTE 8. PROPERTY TAX ASSESSMENTS**

Property tax assessments are levied on April 15<sup>th</sup> of each year for the current calendar year. Payment is due by July 15<sup>th</sup>. A penalty of 6% of the amount due is added to any outstanding balances on July 16<sup>th</sup> of that year. Any unpaid property tax assessments on December 31<sup>st</sup> attach as a lien on the property. The following information pertains to the year

**ARDMORE BUSINESS DISTRICT AUTHORITY**

**NOTES to FINANCIAL STATEMENTS  
31<sup>st</sup> DECEMBER 2012**

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ended 31<sup>st</sup> December 2012:

Total Taxable Property Assessments	\$ 99,282,290
Assessment for 2012 (in mills)	1.704
Total Property Tax Levied	\$ 169,177

NOTE 9. EMPLOYEE BENEFIT PLAN

The Authority maintains a Simplified Employee Benefit Plan (SEP) 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 has entered into a five-year lease for office space which terminates on 31<sup>st</sup> December 2013. Rent expense for the year ended 31<sup>st</sup> December 2012 was \$22,200. The following are future minimum lease commitments as of 31<sup>st</sup> December 2012:

	<u>year ended December 31st</u>
2013	\$ 22,800
2014	-

NOTE 12. ECONOMIC DEPENDENCY

For the year ended 31<sup>st</sup> December 2012, Ardmore Initiative received over 71% 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>Amount</u>	<u>Percent</u>
Property Tax Revenue	\$ 179,990	71.15%
Other Revenues	72,970	28.85%
	<u>\$ 252,960</u>	<u>100.00%</u>

**ARDMORE BUSINESS DISTRICT AUTHORITY**

**NOTES to FINANCIAL STATEMENTS  
31<sup>st</sup> DECEMBER 2012**

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NOTE 13. STATEMENT of CASH FLOWS

Ardmore Initiative presents its Statement of Cash Flows on the indirect method.

NOTE 14. SUBSEQUENT EVENTS.

Ardmore Initiative has evaluated all events subsequent to the financial statement date of 31<sup>st</sup> December 2012 through 24<sup>th</sup> June 2013, 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.

## 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, 2012**

	<b>ACTUAL</b>	<b>BUDGET</b>	<b>variance</b>
	<b><u>(combined)</u></b>		
Revenues			
Assessments	\$ 169,799	\$ 177,325	(7,526)
Sponsorships - Events & Programs	45,809	50,000	(4,191)
Grants	49,834	35,000	14,834
Local Government Subsidies	10,000	-	10,000
Contributions	2,200	-	2,200
Interest Earnings	1,520	3,000	(1,480)
Total Revenues	<u>279,162</u>	<u>265,325</u>	<u>13,837</u>
Expenditures			
Business Support & Advocacy	113,624	112,268	(1,356)
Program Expenditures, Grants Awarded	52,487	-	(52,487)
General & Operating	52,161	58,650	6,489
Special Events & Contributions	5,356	15,000	9,644
Streetscape	22,217	36,733	14,516
Economics Development & Advertising	35,442	42,199	6,757
Capital Expenditures	5,233	-	(5,233)
less: reimbursed expenses	(1,810)	-	1,810
Total Expenditures	<u>284,710</u>	<u>264,850</u>	<u>(19,860)</u>
Net Change in Net Assets	<u>(5,548)</u>	<u>475</u>	<u>(6,023)</u>
Net Assets, Beginning of Year (Budgetary Basis)	157,588		
Net Assets, End of Year (Budgetary Basis)	<u>\$ 152,040</u>		