

**Lewisburg Downtown Partnership, Inc.**

Financial Statements and  
Supplementary Information

December 31, 2015



**BAKER TILLY**

Candor. Insight. Results.

# **Lewisburg Downtown Partnership, Inc.**

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## **Independent Accountants' Review Report**

Board of Directors  
Lewisburg Downtown Partnership, Inc.

We have reviewed the accompanying financial statements of Lewisburg Downtown Partnership, Inc., which comprise the statement of assets, liabilities, and net assets—modified cash-basis as of December 31, 2015, and the related statements of revenues, expenses and other changes in net assets—modified cash-basis, and cash flows—modified cash-basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash-basis of accounting; this includes determining that the modified cash-basis of accounting the Company uses is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash-basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash-basis of accounting.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

## **Other Matter**

The schedule of expenses—modified cash-basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the modified cash-basis of accounting. We have not audited the information and, accordingly, do not express an opinion on such information.

*Baker Tilly Virchow Krause, LLP*

Lewisburg, Pennsylvania  
June 13, 2016

**Lewisburg Downtown Partnership, Inc.**

Statement of Assets, Liabilities and Net Assets—Modified Cash-Basis

December 31, 2015

**Assets****Current Assets**

Cash and cash equivalents	\$ 157,891
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**Equipment**

Office equipment	9,193
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Less accumulated depreciation	<u>9,138</u>
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Equipment, net	<u>55</u>
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**Other Assets**

Security deposit	<u>455</u>
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Total assets	<u><u>\$ 158,401</u></u>
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**Liabilities and Net Assets****Current Liabilities**

Gift certificates payable	\$ 150,195
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Payroll taxes withheld and accrued	2,643
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Deposits	<u>228</u>
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Total liabilities	153,066
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**Net Assets**

Unrestricted	<u>5,335</u>
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Total liabilities and net assets	<u><u>\$ 158,401</u></u>
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*See notes to financial statements*

**Lewisburg Downtown Partnership, Inc.**Statement of Revenues, Expenses and Other Changes in Net Assets—Modified Cash-Basis  
Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Contributions	\$ 85,539	\$ -	\$ 85,539
BrewBQuest	27,796	-	27,796
Ice Festival	8,951	-	8,951
Interest	1,263	-	1,263
Miscellaneous	761	-	761
Net assets released from restrictions	10,926	(10,926)	-
	<u>135,236</u>	<u>(10,926)</u>	<u>124,310</u>
Total revenues	<u>135,236</u>	<u>(10,926)</u>	<u>124,310</u>
<b>Expenses</b>			
Programs:			
Promotion of downtown	82,473	-	82,473
Ice Festival	14,077	-	14,077
BrewBQuest	12,029	-	12,029
Administrative	28,436	-	28,436
Fundraising	1,649	-	1,649
	<u>138,664</u>	<u>-</u>	<u>138,664</u>
Total expenses	<u>138,664</u>	<u>-</u>	<u>138,664</u>
Decrease in net assets	(3,428)	(10,926)	(14,354)
<b>Net Assets, Beginning of Year</b>	<u>8,763</u>	<u>10,926</u>	<u>19,689</u>
<b>Net Assets, End of Year</b>	<u>\$ 5,335</u>	<u>\$ -</u>	<u>\$ 5,335</u>

See notes to financial statements

**Lewisburg Downtown Partnership, Inc.**

## Statement of Cash Flows—Modified Cash-Basis

Year Ended December 31, 2015

**Cash Flows from Operating Activities**

Cash received from public support and other revenues	\$ 138,432
Cash paid to suppliers	(138,342)
Interest income	1,263

Net cash provided by operating activities	1,353
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Net increase in cash and cash equivalents	1,353
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<b>Cash and Cash Equivalents, Beginning of Year</b>	156,538
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<b>Cash and Cash Equivalents, End of Year</b>	\$ 157,891
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**Reconciliation of Decrease in Net Assets to Net Cash  
Provided by Operating Activities**

Decrease in net assets	\$ (14,354)
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Adjustments to reconcile decrease in net assets to  
net cash provided by operating activities:

Depreciation	109
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Changes in:

Payroll taxes withheld and accrued	213
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Gift certificates payable	15,385
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Total adjustments	15,707
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Net cash provided by operating activities	\$ 1,353
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# **Lewisburg Downtown Partnership, Inc.**

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Notes to Financial Statements

December 31, 2015

## **1. Nature of Operations and Summary of Significant Accounting Policies**

### **Nature of Operations**

Lewisburg Downtown Partnership, Inc. (the "Organization"), is a nonprofit corporation located in Lewisburg, Pennsylvania. The Organization serves the local area by promoting the economic vitality, architectural heritage, historic preservation and cultural vibrancy of the downtown commercial district of Lewisburg through marketing, website and image advertising campaigns, holiday and seasonal festivals and various promotions. The Organization's support comes primarily from grants, individual and commercial contributions and festival income.

### **Basis of Accounting**

The accompanying financial statements have been prepared on the modified cash-basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred as required by accounting principles generally accepted in the United States of America. Consequently, the Organization has not recognized pledges receivable from donors, accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements. The modified cash-basis differs from the cash-basis of accounting in that equipment is recorded at cost, or fair value if donated, and depreciated, rather than expensed when paid for.

### **Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

### **Restricted and Unrestricted Revenues and Contributions**

Unconditional gifts of cash and other assets are reported at fair value at the date the gift is received. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses and other changes in net assets - modified cash-basis as net assets released from restriction.

## **Lewisburg Downtown Partnership, Inc.**

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Notes to Financial Statements

December 31, 2015

### **Use of Estimates**

The preparation of financial statements in conformity with the modified cash-basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

### **Equipment**

Equipment is recorded at cost. Any equipment acquired by contribution or grant is recorded at its fair value at the time received. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense for 2015 amounted to \$109.

Normal maintenance and repairs are charged to expense as incurred; major renewals or betterments, which extend the life or increase the value of assets, are capitalized.

### **Gift Certificates Payable**

The Organization administers the gift certificate program for participating businesses in the downtown area. The Organization recognizes a liability upon the sale of gift certificates at several local businesses and the Organization's website. When those certificates are redeemed, the Organization reimburses those businesses. The Organization handles all accounting of gift certificates and there is no expiration date on gift certificates. The Organization does not recognize any revenue from this program. Gift certificates payable at December 31, 2015 were \$150,195.

### **Revenues - Grants**

The Organization recognizes grant revenue when the applicable expenses are paid or in the year it is earned. Unexpended or unearned grants received by the Organization are reflected as deferred revenue in the accompanying statement of assets, liabilities and net assets—modified cash-basis.

### **Advertising**

The Organization expenses advertising costs as they are incurred. Advertising expense amounted to \$12,661 in 2015.

## **Lewisburg Downtown Partnership, Inc.**

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Notes to Financial Statements

December 31, 2015

### **Income Taxes**

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Company is an exempt Pennsylvania non-profit corporation and not subject to Pennsylvania income taxes.

The Company follows Financial Accounting Standards Board ("FASB") guidance on income tax recognition when accounting for uncertainty in income taxes, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority, provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The Company is not aware of any significant uncertain tax positions.

The Organization's federal and Pennsylvania income tax returns are no longer subject to examination by federal or Commonwealth of Pennsylvania taxing authorities for years before 2012.

### **Donated Services**

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, activities, and various committee assignments.

### **Donated Rent**

The Organization received usage of administrative space during 2015. The estimated fair value of that rent is \$7,200; however, no amounts are recorded under the modified cash-basis of accounting.

### **Expenses Allocation**

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

### **Subsequent Events**

The Organization evaluated subsequent events for recognition or disclosure through June 13, 2016, the date the financial statements were available to be issued.

## **Lewisburg Downtown Partnership, Inc.**

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Notes to Financial Statements

December 31, 2015

### **2. Temporarily Restricted Net Assets**

Beginning in 2015, all restrictions for use in the Victorian Parade, Holiday Decorating and the Ice Festival were removed by the donors making all contributions unrestricted.

Net assets of \$10,926 were released from donor restrictions during 2015 due to time restrictions lapsing and for programs that took place in 2015. At December 31, 2015, none of the net assets had a time restriction.

### **3. Concentration of Credit Risk**

The Organization maintains all of its cash with one financial institution. The Federal Deposit Insurance Corporation insures total cash balances up to \$250,000.

## Lewisburg Downtown Partnership, Inc.

Schedule of Expenses—Modified Cash-Basis

Year Ended December 31, 2015

	<u>Programs</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salary: executive director	\$ 49,492	\$ 5,905	\$ 844	\$ 56,241
Ice Festival expenses	14,077	-	-	14,077
Other wages	9,624	3,208	-	12,832
Advertising	11,925	-	736	12,661
BrewBQuest expenses	12,029	-	-	12,029
Payroll taxes	4,980	799	69	5,848
Utilities	-	5,310	-	5,310
Website	4,271	-	-	4,271
Accounting	-	3,400	-	3,400
Computer expenses	-	1,983	-	1,983
Office supplies	-	1,711	-	1,711
Telephone	-	1,654	-	1,654
Gift certificate expenses	-	1,266	-	1,266
Memberships	435	800	-	1,235
Insurance	1,186	-	-	1,186
Travel	-	776	-	776
Postage	-	683	-	683
Miscellaneous	560	-	-	560
Cleaning	-	380	-	380
Training	-	325	-	325
Bank charges	-	127	-	127
Depreciation	-	109	-	109
Total	<u>\$ 108,579</u>	<u>\$ 28,436</u>	<u>\$ 1,649</u>	<u>\$ 138,664</u>