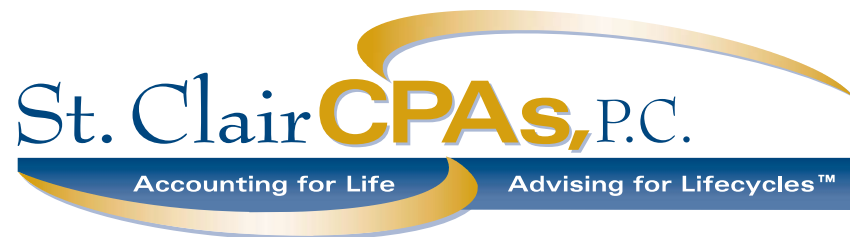


# MT. AIRY BUSINESS IMPROVEMENT DISTRICT

(A PENNSYLVANIA NOT-FOR-PROFIT CORPORATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2014

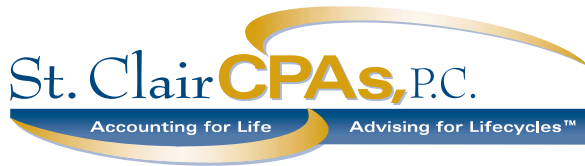


**MT. AIRY BUSINESS IMPROVEMENT DISTRICT  
DECEMBER 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mt. Airy Business Improvement District  
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Mt. Airy Business Improvement District (a Pennsylvania Not-For-Profit Corporation) (the "District"), which comprise the governmental fund balance sheet/statement of net assets as of December 31, 2014, and the related statement of governmental fund revenue, expenditures and changes in fund balance/statement of activities for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mt. Airy Business Improvement District as of December 31, 2014 and the respective changes in fund balances/net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 3 through 5 and page 12 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.

*St. Clair CPAs, P.C.*

Certified Public Accountants

Conshohocken, Pennsylvania  
December 9, 2016

**MT. AIRY BUSINESS IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014**

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The Board of Directors of Mt. Airy Business Improvement District (the “District”), offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

**Financial Highlights**

- Total net assets of the district at December 31, 2014 are \$43,178.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements are comprised of three components: Management’s Discussion and Analysis (this section), the basic financial statements and required supplementary information.

**Government-Wide Financial Statements**

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

The *Statement of Net Assets* presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As a result, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

The government-wide financial statements report on the function of the District that is principally supported by assessments from property owners.

**Fund Financial Statements**

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. The District, like governmental type entities, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund type, the governmental general fund.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**MT. AIRY BUSINESS IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014**

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**Government-Wide Financial Analysis**

Management has adopted Governmental Accounting Standards Board (GASB) Statement 34 which requires a comparative analysis of current and prior balances.

	December 31, 2014	December 31, 2013
<b>Assets</b>		
Operating assets	\$ 216,913	\$ 175,989
Capital assets	1,176	4,669
Total assets	<u>218,089</u>	<u>180,658</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 13,151	\$ 2,788
Deferred revenue	161,760	162,939
Total liabilities	<u>174,911</u>	<u>165,727</u>
Total net assets	<u>\$ 43,178</u>	<u>\$ 14,931</u>
Net assets consist of		
Investment in property and equipment	\$ 1,176	\$ 4,669
Unrestricted general fund balance	42,002	10,262
Total net assets	<u>\$ 43,178</u>	<u>\$ 14,931</u>
	For year ended December 31, 2014	
Support and revenue	\$ 185,240	
Expenditures	<u>156,993</u>	
Change in net assets	<u>\$ 28,247</u>	

The District's support and revenue predominately comes from property assessments of \$164,882. For the year ended December 31, 2014, the District's revenues have exceeded expenditures by \$28,247.

**Governmental Fund**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. The District's governmental fund, (the "General Fund"), reported a fund surplus of \$49,344 for the year ended December 31, 2014. The General Fund balance as of December 31, 2014 was \$130,272.

**MT. AIRY BUSINESS IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014**

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**Budget Approval and Variations**

The approved budget information for the year ended December 31, 2014 is presented on page 12. The variances result from a combination of under budgeted assessment revenue and over budgeted payroll expenditures. The approved budget does not include collections from previous year's assessments and therefore will show a favorable variance due to the increase amount of collections during the year. The approved expenditures budget includes three employees. The district unexpectedly lost one employee during the current year which causes an increased favorable variance.

**Capital Assets and Debt Administration**

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental activities as of December 31, 2014 totaled \$1,176 (net of accumulated depreciation). This investment in capital assets is for cleaning equipment.

**LONG-TERM DEBT**

The District does not have any long-term liabilities as of December 31, 2014.

**Economic Factors and Next Year's Budget**

The District's primary source of revenue, Property Assessments, will continue to be based on the assessed property values as determined by the Board of Revision of Taxes. Operating expenses are budgeted in relation to the anticipated property assessments.

**Future Events that will Financially Impact the District**

The District's management does not foresee any future events at this time which will financially impact the District.

**Contacting the District's Financial Management**

The financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ken Weinstein, Board Chair of Mt. Airy Business Improvement District, 6703 Germantown Ave, Suite 240, Philadelphia, PA 19119.

**MT. AIRY BUSINESS IMPROVEMENT DISTRICT  
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS  
DECEMBER 31, 2014**

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET ASSETS
<b>ASSETS</b>			
Cash	\$ 138,592	\$ -	\$ 138,592
Prepaid expenses	4,831	-	4,831
Accounts receivable, net of allowance	52,448	(50,012)	2,436
Accounts receivable - 2015 assessments	71,054	-	71,054
PROPERTY AND EQUIPMENT, net	-	1,176	1,176
	<u>\$ 266,925</u>	<u>\$ (48,836)</u>	<u>\$ 218,089</u>
<b>LIABILITIES AND NET ASSETS / FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 13,151	\$ -	\$ 13,151
Deferred revenue	52,448	(52,448)	-
Deferred revenue - 2015 assessments	71,054	90,706	161,760
<b>TOTAL LIABILITIES</b>	<u>136,653</u>	<u>38,258</u>	<u>174,911</u>
<b>FUND BALANCE / NET ASSETS</b>			
Investment in property and equipment, net	-	1,176	1,176
Unrestricted general fund balance	130,272	(88,270)	42,002
<b>TOTAL FUND BALANCE / NET ASSETS</b>	<u>130,272</u>	<u>(87,094)</u>	<u>43,178</u>
	<u>\$ 266,925</u>	<u>\$ (48,836)</u>	<u>\$ 218,089</u>
<b>RECONCILIATION OF FUND BALANCE TO NET ASSETS</b>			
Unrestricted general fund balance			\$ 130,272
Bad debt allowance			(50,012)
Deferred revenue			52,448
Deferred revenue - 2015 assessments			(90,706)
Capital expenditures charged to operations since inception of District			24,201
Less accumulated depreciation			<u>(23,025)</u>
<b>NET ASSETS</b>			<u>\$ 43,178</u>

See accompanying notes.



**MT. AIRY BUSINESS IMPROVEMENT DISTRICT**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2014**

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES
<b>SUPPORT AND REVENUE</b>			
Assessments	\$ 174,401	\$ (9,519)	\$ 164,882
Voluntary assessments	10,076	-	10,076
Grant reimbursements	7,875	-	7,875
Other income	2,407	-	2,407
<b>TOTAL SUPPORT AND REVENUE</b>	<u>194,759</u>	<u>(9,519)</u>	<u>185,240</u>
<b>EXPENDITURES</b>			
Advertising	1,695	-	1,695
Auto	900	-	900
Bad debts	-	8,085	8,085
Depreciation	-	3,493	3,493
Dues and subscriptions	174	-	174
Gifts	50	-	50
Insurance - workers' compensation	2,850	-	2,850
Insurance - general liability	5,823	-	5,823
Laundry and uniforms	231	-	231
Lien filings	54	-	54
Office	2,357	-	2,357
Payroll	68,631	-	68,631
Payroll taxes	7,552	-	7,552
Professional fees	14,421	-	14,421
Program	33,679	-	33,679
Rent	4,550	-	4,550
Repairs and maintenance	479	-	479
Telephone	1,933	-	1,933
Travel	36	-	36
<b>TOTAL EXPENDITURES</b>	<u>145,415</u>	<u>11,578</u>	<u>156,993</u>
EXCESS OF REVENUE OVER EXPENDITURES	49,344	(21,097)	28,247
FUND BALANCE/NET ASSETS, BEGINNING	<u>80,928</u>	<u>(65,997)</u>	<u>14,931</u>
<b>FUND BALANCE/NET ASSETS, ENDING</b>	<u>\$ 130,272</u>	<u>\$ (87,094)</u>	<u>\$ 43,178</u>
<b>RECONCILIATION OF EXCESS OF REVENUE OVER EXPENDITURES</b>			
General fund operations			\$ 49,344
Bad debt expense			(8,085)
Deferred revenue			(9,519)
Depreciation expense			<u>(3,493)</u>
			<u>\$ 28,247</u>

See accompanying notes.

**MT. AIRY BUSINESS IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Mt. Airy Improvement District, Inc. T/A the Mt. Airy Business Improvement District (the "District") is a Pennsylvania Not-For-Profit Corporation incorporated on November 22, 2006. The District was established under the Community and Economic Improvement Act (53 P.S. Section 18101 et. seq.) and operates as a government unit. The District commenced operations on October 1, 2007 and its mission is to administer programs and services to promote and enhance a more attractive and safer district including economic growth and increased employment opportunities. The District is scheduled to terminate on December 31, 2017.

Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The more significant of the District's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report on the District as a whole. The statement of activities demonstrates the degree to which the direct expenses are offset by revenues of the District.

The fund financial statements (governmental fund balance sheet and statement of governmental fund revenues, expenditures and changes in fund balance) report on the District's General Fund.

Because these two types of statements are so closely related for the District, they have been presented together.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements:

The statement of net assets and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by provider have been met.

Fund financial statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Assessment revenue is recognized when collected. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**MT. AIRY BUSINESS IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Method of Accounting

The District has adopted the provisions of Statement No. 34 (“Statement 34”) of the Governmental Accounting Standards Board “*Basic Financial Statement - and Management’s Discussion and Analysis - for State and Local Governments.*” Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These calculations are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt; that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. An annual budget is adopted for the General Fund which is the only fund for the District.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. The District does not possess any infrastructure or improvements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Capital assets of the District are depreciated using the straight-line method over the useful lives of the assets. The estimated useful life for equipment is seven years.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MT. AIRY BUSINESS IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Status

The District was established as a Pennsylvania Not-For-Profit Corporation incorporated on November 22, 2006. The District operates as a government unit therefore it is not subject to income taxes. The fiscal tax years that remain subject to examination by major tax jurisdictions are 2011 through 2013.

Property Assessments and Revenue Recognition

Assessments are levied on or about October 15<sup>th</sup> on the District's assessed value listed for all real estate located in the District. Property assessments are recorded as receivables and deferred revenue at the time the assessment is billed. Revenue is recognized as the related property assessments are collected. During the year ended December 31, 2014, the District also received \$10,076 of voluntary assessments from exempt property owners.

The District uses the allowance method in determining accounts receivable. The allowance recorded as of December 31, 2014 on accounts deemed uncollectible was \$50,012.

The District legally has the right to lien properties located within the District that do not pay their annual assessments in a timely manner. Unless other mutually agreeable terms are reached between the property owners and the District, assessment payments are due in full before December 1<sup>st</sup> of each fiscal year. As of December 31, 2014, the District has filed liens against delinquent properties.

NOTE 2 CONCENTRATION OF CREDIT RISK

The District maintains its cash balances at a financial institution, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). The District has not experienced any losses in such accounts. The District believes it is not exposed to any significant credit risk on its cash.

NOTE 3 PROPERTY AND EQUIPMENT

The following is a summary of the property and equipment:

Equipment	\$ 24,201
Accumulated depreciation	<u>(23,025)</u>
Net	<u>\$ 1,176</u>

Depreciation expense for the year ended December 31, 2014 was \$3,493.

**MT. AIRY BUSINESS IMPROVEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

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NOTE 4 RELATED PARTY TRANSACTIONS

Lease Commitment

The District leases its office from a related not-for-profit entity on a month-to-month basis. Total rent expense for year ended December 31, 2014 was \$4,550.

NOTE 5 SUBSEQUENT EVENTS

Management has evaluated events or transactions that have occurred after December 31, 2014 (the financial statements date) through December 9, 2016, the date the report was available to be issued. During this period, management did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

**SUPPLEMENTARY INFORMATION**

**MT. AIRY BUSINESS IMPROVEMENT DISTRICT**  
**SCHEDULE OF GOVERNMENTAL FUND REVENUE AND EXPENDITURES**  
**(BUDGET AND ACTUAL) (UNAUDITED)**  
**YEAR ENDED DECEMBER 31, 2014**

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	<u>ACTUAL</u> 2014	<u>BUDGET</u>	<u>VARIANCE</u>
<b>SUPPORT AND REVENUE</b>			
Assessments	\$ 164,882	\$ 140,297	\$ 24,585
Voluntary assessments	10,076	4,000	6,076
Grant reimbursements	7,875	2,400	5,475
Other income	<u>2,407</u>	<u>4,200</u>	<u>(1,793)</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>185,240</u>	<u>150,897</u>	<u>34,343</u>
<b>EXPENDITURES</b>			
Advertising	1,695	2,314	(619)
Auto	900	900	-
Dues and subscriptions	174	-	174
Gifts	50	200	(150)
Insurance - workers' compensation	2,850	3,658	(808)
Insurance - general liability	5,823	5,797	26
Insurance - health	-	9,490	(9,490)
Laundry and uniforms	231	900	(669)
Lien Filings	54	50	4
Office	2,357	3,050	(693)
Payroll	68,631	89,320	(20,689)
Payroll taxes	7,552	13,532	(5,980)
Professional fees	14,421	6,000	8,421
Program	33,679	11,250	22,429
Rent	4,550	4,200	350
Repairs and maintenance	479	3,000	(2,521)
Telephone	1,933	2,046	(113)
Travel	<u>36</u>	<u>96</u>	<u>(60)</u>
<b>TOTAL EXPENDITURES</b>	<u>145,415</u>	<u>155,803</u>	<u>(10,388)</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>\$ 39,825</u>	<u>\$ (4,906)</u>	<u>\$ 44,731</u>

See independent auditor's report.