

DIAMOND CITY PARTNERSHIP, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

DIAMOND CITY PARTNERSHIP, INC.

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December 31, 2015 and 2014

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Diamond City Partnership, Inc.
Wilkes-Barre, Pennsylvania

We have reviewed the accompanying financial statements of Diamond City Partnership, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 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 the 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.

Accountants' Responsibility

Our responsibility is to conduct the review 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 accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America.

Lawrence, Cable and Company, LLP
Lawrence, Cable and Company, LLP

November 1, 2016
Wilkes-Barre, Pennsylvania

DIAMOND CITY PARTNERSHIP, INC.

Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
<u>Assets</u>		
Current Assets:		
Cash	\$ 149,596	\$ 143,616
Assessments receivable	82,413	86,237
Total Current Assets	<u>232,009</u>	<u>229,853</u>
Leasehold improvements, net	<u>3,544</u>	<u>3,638</u>
Total Assets	\$ <u>235,553</u>	\$ <u>233,491</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 1,337	\$ 1,228
Accrued expenses	1,428	
Total Liabilities	<u>2,765</u>	<u>1,228</u>
Net Assets:		
Unrestricted	184,405	183,880
Temporarily restricted	48,383	48,383
Total Net Assets	<u>232,788</u>	<u>232,263</u>
Total Liabilities and Net Assets	\$ <u>235,553</u>	\$ <u>233,491</u>

See Accountants' Review Report
The accompanying notes are an integral part of
these financial statements.

DIAMOND CITY PARTNERSHIP, INC.

Statement of Activities
For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
Public support:			
Business Improvement District	\$	\$ 217,441	\$ 217,441
Contributions	753	5,300	6,053
Program Fees	5,469	88,100	93,569
Total public support	<u>6,222</u>	<u>310,841</u>	<u>317,063</u>
Other revenue:			
Interest income	<u>1</u>	<u> </u>	<u>1</u>
Total other revenue	<u>1</u>	<u> </u>	<u>1</u>
Net assets released from restrictions:			
Satisfaction of clean and green program restrictions	88,100	(88,100)	
Satisfaction of beautification program activities	5,300	(5,300)	
Satisfaction of Business Improvement District program restrictions	<u>217,441</u>	<u>(217,441)</u>	
Total net assets released from restrictions	<u>310,841</u>	<u>(310,841)</u>	
Total Public Support and Revenue	<u>317,064</u>	<u> </u>	<u>317,064</u>

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DIAMOND CITY PARTNERSHIP, INC.

Statement of Activities, continued
For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Program services:			
Business improvement district	217,934		217,934
Beautification	6,045		6,045
Downtown Collegetown	3,291		3,291
Other revitalization strategies	10,310		10,310
Total Program Expenses	<u>237,580</u>		<u>237,580</u>
Supporting service:			
Management and general	73,670		73,670
Fund raising	5,289		5,289
Total Expenses	<u>316,539</u>		<u>316,539</u>
Change in net assets	525		525
Net assets, beginning	<u>183,880</u>	<u>48,383</u>	<u>232,263</u>
Net assets, ending	\$ <u>184,405</u>	\$ <u>48,383</u>	\$ <u>232,788</u>

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DIAMOND CITY PARTNERSHIP, INC.

Statement of Activities
For the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
Public support:			
Business Improvement District	\$	\$ 218,005	\$ 218,005
Contributions	758		758
Program Fees	5,670	85,500	91,170
Total public support	<u>6,428</u>	<u>303,505</u>	<u>309,933</u>
Grants and awards:			
Grants		<u>27,000</u>	<u>27,000</u>
Total grants and awards		<u>27,000</u>	<u>27,000</u>
Other revenue:			
Interest income	<u>2</u>		<u>2</u>
Total other revenue	<u>2</u>		<u>2</u>
Net assets released from restrictions:			
Satisfaction of clean and green program restrictions	85,500	(85,500)	
Satisfaction of beautification program activities	28,248	(28,248)	
Satisfaction of Business Improvement District program restrictions	218,005	(218,005)	
Total net assets released from restrictions	<u>331,753</u>	<u>(331,753)</u>	
Total Public Support and Revenue	<u>338,183</u>	<u>(1,248)</u>	<u>336,935</u>

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DIAMOND CITY PARTNERSHIP, INC.

Statement of Activities, continued
For the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Program services:			
Business improvement district	134,848		134,848
Beautification	35,111		35,111
Other revitalization strategies	8,082		8,082
Total Program Expenses	<u>178,041</u>		<u>178,041</u>
Supporting service:			
Management and general	109,896		109,896
Total Expenses	<u>287,937</u>		<u>287,937</u>
Change in net assets	50,246	(1,248)	48,998
Net assets, beginning	<u>133,634</u>	<u>49,631</u>	<u>183,265</u>
Net assets, ending	\$ <u>183,880</u>	\$ <u>48,383</u>	\$ <u>232,263</u>

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DIAMOND CITY PARTNERSHIP, INC.

Statement of Functional Expenses
For the year ended to December 31, 2015

	Program Services			Supporting Service		Total
	Business Improvement District	Beautification	Downtown Colletown	Other Revitalization Strategies	Management and General	
Repairs and maintenance	\$ 137,951	\$ 6,045	\$	\$	\$	\$ 143,996
Contracted services	63,468				38,891	107,648
Security	16,205					16,205
Bad debts (Recovery)					9,000	9,000
Marketing			458	7,310	545	8,313
Rent					5,561	5,561
Professional fees					5,400	5,400
Travel and meals					4,363	4,363
Events			250	3,000		3,250
Supplies	180		2,583		206	2,969
Fees					2,600	2,600
Dues and subscriptions					2,025	2,025
Insurance					1,791	1,791
Training					1,572	1,572
Utilities					1,082	1,082
Bank charges					435	435
Postage and shipping	130					130
Telephone					105	105
Total before depreciation	<u>217,934</u>	<u>6,045</u>	<u>3,291</u>	<u>10,310</u>	<u>73,576</u>	<u>316,445</u>
Depreciation					<u>94</u>	<u>94</u>
Total	<u>\$ 217,934</u>	<u>\$ 6,045</u>	<u>\$ 3,291</u>	<u>\$ 10,310</u>	<u>\$ 73,670</u>	<u>\$ 316,539</u>

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DIAMOND CITY PARTNERSHIP, INC.

Statement of Functional Expenses
For the year ended to December 31, 2014

	Program Services			Supporting Service		
	Business Improvement District	Beautification	Other Revitalization Strategies	Total	Management and General	Total
Contracted services	\$	\$	\$	\$	\$	\$
Professional fees					83,803	83,803
Events			2,500	2,500	5,800	5,800
Supplies					1,140	2,500
Postage and shipping	146			146		1,140
Repairs and maintenance	133,967			133,967		146
Rent					5,447	133,967
Fees					2,515	5,447
Insurance					2,425	2,515
Security	735			735		2,425
Printing					1,031	735
Awards and grants		35,111		35,111		1,031
Travel and meals					921	35,111
Dues and subscriptions					820	921
Bank charges					305	820
Telephone					766	305
Bad debts (Recovery)					1,991	766
Marketing			5,582	5,582	2,839	1,991
Total before depreciation	134,848	35,111	8,082	178,041	109,803	2,839
Depreciation					93	109,803
Total	\$ 134,848	\$ 35,111	\$ 8,082	\$ 178,041	\$ 109,896	\$ 287,937

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DIAMOND CITY PARTNERSHIP, INC.

Statement of Cash Flows
For the years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 525	\$ 48,998
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	94	93
Decrease (Increase) in assessments and pledges receivable	3,824	(12,745)
Increase (Decrease) in accounts payable and accrued expenses	1,537	(950)
Total adjustments	<u>5,455</u>	<u>(13,602)</u>
Net cash provided by operating activities	<u>5,980</u>	<u>35,396</u>
Net increase in cash	5,980	35,396
Cash, beginning	<u>143,616</u>	<u>108,220</u>
Cash, ending	\$ <u>149,596</u>	\$ <u>143,616</u>

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DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2015 and 2014

1. Nature of operations

The Organization is a not-for-profit entity incorporated to form an alliance of organizations, businesses, and individuals in order to plan and implement revitalization strategies for areas located within the City of Wilkes-Barre, Pennsylvania.

2. Summary of significant accounting policies

Basis of accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation. Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may be fulfilled by the actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be retained and invested permanently by the Organization. The donors require the Organization to use all or part of the investment return on these net assets for specified or unspecified purposes. The Organization had no permanently restricted net assets in 2015 and 2014.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2015 and 2014

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. Otherwise, expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated period has elapsed) are reported as net assets released from restrictions.

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

Tax exempt status. The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Diamond City Partnership, Inc.'s Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2014, 2013, and 2012 are subject to examination by the IRS.

Cash and cash equivalents. For the purpose of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2015 and 2014

Fair Value Measurements. The fair value of financial assets and liabilities is measured according to the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 - Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 - Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 - Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

The carrying amounts of financial instruments, including cash, cash equivalents, grants receivable, accounts payable and accrued expenses, approximate fair value due to the short maturity of these instruments.

Equipment. Equipment is stated at cost or, if donated, at estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 10 years. Expenditures for repairs and maintenance are charged to expense as incurred. Major improvements are capitalized.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2015 and 2014

Expense allocation. The costs of providing various programs have been summarized on functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on management estimates.

Advertising. The Organization expenses advertising costs as they are incurred. The total advertising expense for the years ended December 31, 2015 and 2014 was \$8,313 and \$8,421, respectively.

3. Assessments receivable

A special assessment is levied on all designated properties, other than tax-exempt properties, located in a limited geographic area within the City of Wilkes-Barre. The assessments provide funds for providing additional services such as street and sidewalk cleaning and additional security within the neighborhood business improvement district. The assessments attach as an enforceable lien on the property. Assessments receivable are recorded at net realizable value. The Organization provides for probable losses on assessments receivable using the allowance method. The allowance is determined based on management's experience and collection efforts. Balances remaining outstanding after the Organization has used reasonable collection efforts are written off. Assessments receivable consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assessments receivable	\$ 97,413	\$ 92,237
Less allowance for doubtful accounts	<u>15,000</u>	<u>6,000</u>
Assessments receivable, net	\$ <u>82,413</u>	\$ <u>86,237</u>

Bad debts during the year ended December 31, 2015 and 2014 amounted to \$9,000 and \$1,991, respectively.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2015 and 2014

4. Leasehold improvements

A summary of leasehold improvements at December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 3,739	\$ 3,739
Less: Accumulated Depreciation	<u>195</u>	<u>101</u>
Leasehold improvements, net	\$ <u>3,544</u>	\$ <u>3,638</u>

Depreciation for the year ended December 31, 2015 amounted to \$94.

Depreciation for the year ended December 31, 2014 amounted to \$93.

5. Donated materials

The Organization received donated supplies during the years ended December 31, 2015 and 2014. There were no material items donated to the Organization in 2015 and 2014.

6. Donated services

The Organization receives a substantial number of services donated by individuals and entities in carrying out the Organization's program services. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements
December 31, 2015 and 2014

7. Net Asset Classifications

Unrestricted net assets represent net resources that can be used for the general purposes of the Organization. Included with these funds are net resources voluntarily designated by the Board of Directors. These designations can be modified or reversed at the discretion of the Board of Directors and, as such, do not have the legal or donor imposed restrictions. Included with the unrestricted net assets at December 31, 2015 and 2014 are the following board designated funds:

	<u>2015</u>	<u>2014</u>
Downtown Residents Program	\$ <u>10,060</u>	\$ <u>13,058</u>
Total Board Designated Net Assets	10,060	13,058
Unrestricted Net Assets	<u>174,345</u>	<u>170,822</u>
Net Unrestricted Net Assets	\$ <u>184,405</u>	\$ <u>183,880</u>

Temporarily restricted net assets consisted of the following at December 31,

	<u>2015</u>	<u>2014</u>
Restricted for clock project	\$ 440	\$ 440
Restricted for the Leadership Bandshell Program	<u>47,943</u>	<u>47,943</u>
	\$ <u>48,383</u>	\$ <u>48,383</u>

8. Subsequent events

Management has evaluated subsequent events through November 1, 2016, the date the financial statements were available to be issued.