

DIAMOND CITY PARTNERSHIP, INC.

FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

DIAMOND CITY PARTNERSHIP, INC.

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December 31, 2017 and 2016

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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, 2017 and 2016, 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**

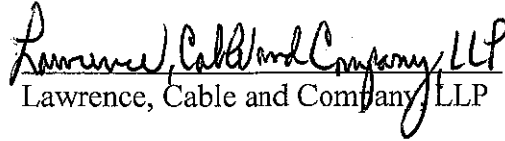
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair 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

October 31, 2018  
Wilkes-Barre, Pennsylvania

DIAMOND CITY PARTNERSHIP, INC.

Statements of Financial Position  
December 31, 2017 and 2016

	2017	2016
<u>Assets</u>		
Current Assets:		
Cash	\$ 61,873	\$ 117,196
Assessments receivable	105,278	91,760
Promises to give	8,950	
Total Current Assets	<u>176,101</u>	<u>208,956</u>
Leasehold improvements and equipment, net	<u>5,274</u>	<u>5,867</u>
Total Assets	\$ <u>181,375</u>	\$ <u>214,823</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 11,972	\$ 19,910
Accrued expenses	2,624	4,600
Total Liabilities	<u>14,596</u>	<u>24,510</u>
Net Assets:		
Unrestricted	111,910	140,780
Temporarily restricted	<u>54,869</u>	<u>49,533</u>
Total Net Assets	<u>166,779</u>	<u>190,313</u>
Total Liabilities and Net Assets	\$ <u>181,375</u>	\$ <u>214,823</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, 2017

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
Public support:			
Business Improvement District	\$	\$ 220,372	\$ 220,372
Contributions	2,308	24,700	27,008
Program Fees		93,100	93,100
Total public support	<u>2,308</u>	<u>338,172</u>	<u>340,480</u>
Other revenue:			
Interest income	<u>1</u>		<u>1</u>
Total other revenue	<u>1</u>		<u>1</u>
Net assets released from restrictions:			
Satisfaction of clean and green program restrictions	93,100	(93,100)	
Satisfaction of beautification and other revitalization strategies program activities	19,364	(19,364)	
Satisfaction of business improvement district program restrictions	<u>220,372</u>	<u>(220,372)</u>	
Total net assets released from restrictions	<u>332,836</u>	<u>(332,836)</u>	
Total Public Support and Revenue	<u>335,145</u>	<u>5,336</u>	<u>340,481</u>

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DIAMOND CITY PARTNERSHIP, INC.

Statement of Activities, continued  
For the year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Program services:			
Business improvement district	221,933		221,933
Beautification and other revitalization strategies	73,458		73,458
Residential improvement	1,706		1,706
Total Program Expenses	<u>297,097</u>		<u>297,097</u>
Supporting service:			
Management and general	62,358		62,358
Fund raising	4,560		4,560
Total Expenses	<u>364,015</u>		<u>364,015</u>
Change in net assets	(28,870)	5,336	(23,534)
Net assets, beginning	<u>140,780</u>	<u>49,533</u>	<u>190,313</u>
Net assets, ending	\$ <u>111,910</u>	\$ <u>54,869</u>	\$ <u>166,779</u>

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DIAMOND CITY PARTNERSHIP, INC.

Statement of Activities  
For the year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue:			
Public support:			
Business Improvement District	\$	\$ 218,481	\$ 218,481
Contributions	3,225	9,075	12,300
Program Fees	10,849	93,100	103,949
Total public support	<u>14,074</u>	<u>320,656</u>	<u>334,730</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	93,100	(93,100)	
Satisfaction of beautification program activities	3,900	(3,900)	
Satisfaction of business improvement district program restrictions	218,481	(218,481)	
Satisfaction of residential improvement program restrictions	<u>4,025</u>	<u>(4,025)</u>	
Total net assets released from restrictions	<u>319,506</u>	<u>(319,506)</u>	
Total Public Support and Revenue	<u>333,581</u>	<u>1,150</u>	<u>334,731</u>

See Accountants' Review Report  
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DIAMOND CITY PARTNERSHIP, INC.

Statement of Activities, continued  
For the year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Program services:			
Business improvement district	238,177		238,177
Beautification and other revitalization strategies	36,334		36,334
Residential improvement	11,025		11,025
Total Program Expenses	<u>285,536</u>		<u>285,536</u>
Supporting service:			
Management and general	85,350		85,350
Fund raising	6,320		6,320
Total Expenses	<u>377,206</u>		<u>377,206</u>
Change in net assets	(43,625)	1,150	(42,475)
Net assets, beginning	<u>184,405</u>	<u>48,383</u>	<u>232,788</u>
Net assets, ending	\$ <u>140,780</u>	\$ <u>49,533</u>	\$ <u>190,313</u>

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DIAMOND CITY PARTNERSHIP, INC.

Statement of Functional Expenses  
For the year ended to December 31, 2017

	Program Services			Supporting Service		Total
	Business Improvement District	Beautification and Other Revitalization Strategies	Residential Improvement	Management and General	Fund Raising	
Repairs and maintenance	\$ 152,047	\$ 9,050	\$	\$	\$	\$ 161,097
Contracted services	54,714	35,909		31,917	4,560	127,100
Security	15,050					15,050
Professional fees		630		7,451		8,081
Travel and meals				3,842		3,842
Rent		1,890		6,101		7,991
Marketing		12,674				12,674
Events			1,600			1,600
Insurance				2,114		2,114
Fees				2,571		2,571
Utilities		1,001		2,525		3,526
Supplies		11,391	106	1,550		13,047
Bank charges				10		10
Training				837		837
Telephone		913		1,077		1,990
Dues and subscriptions				1,770		1,770
Postage and shipping	<u>122</u>					<u>122</u>
Total before depreciation	<u>221,933</u>	<u>73,458</u>	<u>1,706</u>	<u>61,765</u>	<u>4,560</u>	<u>363,422</u>
Depreciation				<u>593</u>		<u>593</u>
Total	<u>\$ 221,933</u>	<u>\$ 73,458</u>	<u>\$ 1,706</u>	<u>\$ 62,358</u>	<u>\$ 4,560</u>	<u>\$ 364,015</u>

See Accountants' Review Report  
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DIAMOND CITY PARTNERSHIP, INC.

Statement of Functional Expenses  
For the year ended to December 31, 2016

	Program Services			Supporting Service		
	Business Improvement District	Beautification and Other Revitalization Strategies	Residential Improvement	Management and General	Fund Raising	Total
Repairs and maintenance	\$ 143,763	\$ 6,674	\$ 150,437	\$	\$	\$ 150,437
Contracted services	76,015	16,848	92,863	44,357	6,320	143,540
Security	18,200		18,200			18,200
Professional fees		4,585	4,585	7,520		12,105
Bad debts				10,489		10,489
Travel and meals			2,280	4,217		6,497
Awards and grants		2,350	4,025			6,375
Rent				5,786		5,786
Marketing		4,603	4,603	275		4,878
Events		150	3,823			3,973
Insurance				2,984		2,984
Fees		90	90	2,772		2,862
Utilities				1,899		1,899
Supplies		1,034	1,034	402		1,436
Bank charges				1,285		1,285
Training				1,275		1,275
Telephone				1,004		1,004
Dues and subscriptions				908		908
Printing	199		897			897
Postage and shipping	238,177	36,334	11,025	85,173	6,320	377,029
Total before depreciation			285,536			
Depreciation				177		177
Total	\$ 238,177	\$ 36,334	\$ 285,536	\$ 85,350	\$ 6,320	\$ 377,206

See Accountants' Review Report  
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DIAMOND CITY PARTNERSHIP, INC.

Statement of Cash Flows  
For the years ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (23,534)	\$ (42,475)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	593	177
Decrease (Increase) in assessments and pledges receivable	(22,468)	(9,347)
Increase (Decrease) in accounts payable and accrued expenses	(9,914)	21,745
Total adjustments	<u>(31,789)</u>	<u>12,575</u>
Net cash used in operating activities	<u>(55,323)</u>	<u>(29,900)</u>
Cash flows from investing activities:		
Capital expenditures	_____	<u>(2,500)</u>
Net cash used in investing activities	_____	<u>(2,500)</u>
Net decrease in cash	(55,323)	(32,400)
Cash, beginning	117,196	149,596
Cash, ending	\$ <u>61,873</u>	\$ <u>117,196</u>

See Accountants' Review Report  
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DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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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 2017 and 2016.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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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. 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.

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.

Fair value measurements. 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.

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.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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Promises to give. Promises to give to be received in one year or less are recorded at net realizable value. Promises to give to be received after one year, net of an allowance for uncollectible amounts, are initially recorded at fair value, estimated by discounting them to their present value at a risk-adjusted rate. Thereafter, amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible promises to give is provided based on management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors.

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.

Statement of functional expenses. The costs of providing various programs have been summarized on functional basis in the statements of functional expenses. 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, 2017 and 2016 was \$12,674 and \$4,878, respectively.

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, 2016, 2015, and 2014 are subject to examination by the IRS.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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.

Economic dependence. The Organization receives a substantial portion of its revenues from the Downtown Wilkes-Barre Business Improvement District (DWBBID) program. A Business Improvement District (BID) is a legal mechanism that allows property owners to pool resources, via a binding multiyear surcharge or property assessment, to effectively address common concerns within a specific service area. The operations of a BID are governed by the Pennsylvania Neighborhood Improvement District (NID) Act of 2000, P.L. 949, No. 130. BIDs are authorized for a finite period of time and their continued existence is dependent upon periodic reauthorization by the affected property owners. Act 130 also provides that, at any time, if 40% of the assessed property owners within a BID formally requests its termination in writing to the governing body of the municipality, the governing body is obligated to consider that request, and the BID may be terminated based on the results of that hearing. DWBBID's current authorization expires on December 31, 2018. While reauthorization is expected to be sought, it can not be guaranteed. The Organization is dependent upon reauthorization of the DWBBID for its continued existence and ability to carry out its normal activities.

3. Assessments receivable

Assessments receivable consist of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Assessments receivable	\$ 120,278	\$ 106,760
Less allowance for doubtful accounts	<u>15,000</u>	<u>15,000</u>
Assessments receivable, net	\$ <u>105,278</u>	\$ <u>91,760</u>

Bad debts during the year ended December 31, 2017 and 2016 amounted to \$-0- and \$10,489, respectively.



DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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4. Promises to Give

The following is a summary of unconditional promises to give as of December 31, 2017 and 2016, by expected period of payment:

	<u>2017</u>	<u>2016</u>
Receivable within one year	\$ 8,950	\$ _____
One to five years	_____	_____
Total Unconditional Promises to Give	8,950	_____
Less:		
Allowance for uncollectible promises to give		
Unamortized discount	_____	_____
Unconditional Promises to Give, net	\$ <u>8,950</u>	\$ <u>_____</u>

5. Leasehold improvements and equipment

A summary of leasehold improvements at December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 3,739	\$ 3,739
Equipment	<u>2,500</u>	<u>2,500</u>
	6,239	6,239
Less: Accumulated Depreciation	<u>965</u>	<u>372</u>
Leasehold improvements, net	\$ <u>5,274</u>	\$ <u>5,867</u>

Depreciation for the year ended December 31, 2017 amounted to \$593.

Depreciation for the year ended December 31, 2016 amounted to \$177.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

6. 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, 2017 and 2016 are the following board designated funds:

	<u>2017</u>	<u>2016</u>
Downtown Residents Program	\$ <u>10,745</u>	\$ <u>12,700</u>
Total Board Designated Net Assets	10,745	12,700
Unrestricted Net Assets	<u>101,165</u>	<u>128,080</u>
Net Unrestricted Net Assets	\$ <u><u>111,910</u></u>	\$ <u><u>140,780</u></u>

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

	<u>2017</u>	<u>2016</u>
Restricted for clock project	\$ 440	\$ 440
Restricted for the Leadership Bandshell Program	47,943	47,943
Restricted for the Façade Grant Program	150	150
Restricted for the Wayfinding Signage Program	<u>6,336</u>	<u>1,000</u>
	\$ <u><u>54,869</u></u>	\$ <u><u>49,533</u></u>

7. Donated materials

The Organization received donated supplies during the years ended December 31, 2017 and 2016. There were no material items donated to the Organization in 2017 and 2016.

DIAMOND CITY PARTNERSHIP, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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8. 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.

9. Subsequent events

Management has evaluated subsequent events through October 31, 2018, the date the financial statements were available to be issued.

10. Reclassifications

Certain amounts in the prior period have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.