

Audited
Consolidated
Financial
Statements

June 30, 2017

**PENNSYLVANIA
DOWNTOWN CENTER, INC.**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pennsylvania Downtown Center, Inc.
Harrisburg, Pennsylvania

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Pennsylvania Downtown Center, Inc. (a nonprofit organization) and Keystone Core Services, Inc. (a controlled entity), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pennsylvania Downtown Center, Inc. and subsidiary as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 14 through 19 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of activities, and cash flows of the individual entities, and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Smith Elliott Kears Company, LLC

Carlisle, Pennsylvania
November 20, 2017

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidated Statements of Financial Position
June 30, 2017 and 2016

| | 2017 | 2016 |
|---|-------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 321,455 | \$ 346,975 |
| Grants and other receivables | 310,775 | 311,132 |
| Prepaid expenses | 4,977 | 11,185 |
| Total current assets | <u>637,207</u> | <u>669,292</u> |
| Other Assets | | |
| Loans receivable | 200,918 | 338,861 |
| Property and equipment, net | 955 | 2,008 |
| Total other assets | <u>201,873</u> | <u>340,869</u> |
| TOTAL ASSETS | <u>\$ 839,080</u> | <u>\$ 1,010,161</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 40,560 | \$ 53,811 |
| Accrued payroll and vacation | 6,473 | 4,000 |
| Deferred membership fees | 20,550 | 12,500 |
| Deferred C.R.C. workshops' revenue | 3,390 | 3,390 |
| Grantor payable | 267,375 | 403,103 |
| Total liabilities | <u>338,348</u> | <u>476,804</u> |
| Net Assets | | |
| Unrestricted | 500,732 | 533,357 |
| Total net assets | <u>500,732</u> | <u>533,357</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 839,080</u> | <u>\$ 1,010,161</u> |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidated Statements of Activities
Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|-------------------------------------|-------------------|-------------------|
| SUPPORT AND REVENUE | | |
| Grant revenue | \$ 625,935 | \$ 601,492 |
| Loan forgiveness revenue | 137,943 | 133,944 |
| Conferences | 168,093 | 74,534 |
| Memberships | 43,744 | 30,658 |
| Contributions | 3,295 | 17,365 |
| Workshops | 12,505 | 9,925 |
| Miscellaneous | 2,222 | 2,661 |
| Service revenue | 48,500 | 34,335 |
| Rent | 2,400 | 2,400 |
| Investment income | 127 | 239 |
| Total support and revenue | <u>1,044,764</u> | <u>907,553</u> |
| EXPENSES | | |
| Community development programs | 980,218 | 695,944 |
| General and administrative | 94,041 | 78,669 |
| Fundraising | 3,130 | 5,947 |
| Total expenses | <u>1,077,389</u> | <u>780,560</u> |
| Change in net assets | (32,625) | 126,993 |
| NET ASSET, BEGINNING OF YEAR | <u>533,357</u> | <u>406,364</u> |
| NET ASSETS, END OF YEAR | <u>\$ 500,732</u> | <u>\$ 533,357</u> |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidated Statement of Functional Expenses
Year ended June 30, 2017

| | Community Development Programs | General and Administrative | Fundraising | Total |
|--------------------------|--------------------------------------|-------------------------------|-----------------|---------------------|
| Auto & travel | \$ 13,903 | \$ 2,738 | \$ 91 | \$ 16,732 |
| Conferences | 1,845 | 363 | 12 | 2,220 |
| Depreciation | 875 | 172 | 6 | 1,053 |
| Insurance | 4,892 | 964 | 32 | 5,888 |
| Loan forgiveness | 137,943 | - | - | 137,943 |
| Memberships & dues | 9,699 | 1,910 | 64 | 11,673 |
| Miscellaneous | 2,079 | 409 | 14 | 2,502 |
| Occupancy | 17,604 | 3,467 | 115 | 21,186 |
| Office | 6,734 | 1,326 | 44 | 8,104 |
| Payroll taxes & benefits | 58,994 | 11,619 | 387 | 71,000 |
| National and PDC | | | | |
| Statewide conferences | 309,585 | - | - | 309,585 |
| Postage | 1,039 | 205 | 7 | 1,251 |
| Printing | 10,219 | 2,013 | 67 | 12,299 |
| Professional fees | 46,622 | 8,998 | 299 | 55,919 |
| Salaries | 280,423 | 55,231 | 1,838 | 337,492 |
| Supplies | 14,666 | 2,889 | 96 | 17,651 |
| Telephone | 8,820 | 1,737 | 58 | 10,615 |
| Training | 4,631 | - | - | 4,631 |
| Program grants | 49,645 | - | - | 49,645 |
| TOTAL EXPENSES | \$ 980,218 | \$ 94,041 | \$ 3,130 | \$ 1,077,389 |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidated Statement of Functional Expenses
Year Ended June 30, 2016

| | Community Development Programs | General and Administrative | Fundraising | Total |
|--------------------------|---|---------------------------------------|--------------------|-------------------|
| Auto & travel | \$ 20,161 | \$ 3,295 | \$ 250 | \$ 23,706 |
| Conferences | 40,364 | 6,598 | 498 | 47,460 |
| Depreciation | 1,650 | 270 | 20 | 1,940 |
| Insurance | 4,659 | 762 | 57 | 5,478 |
| Loan forgiveness | 133,944 | - | - | 133,944 |
| Memberships & dues | 5,873 | 960 | 73 | 6,906 |
| Miscellaneous | 3,978 | 651 | 49 | 4,678 |
| Occupancy | 19,955 | 3,262 | 246 | 23,463 |
| Office | 8,527 | 1,394 | 106 | 10,027 |
| Payroll taxes & benefits | 52,914 | 8,649 | 654 | 62,217 |
| PDC statewide conference | 62,901 | - | - | 62,901 |
| Postage | 1,126 | 184 | 14 | 1,324 |
| Printing | 4,715 | 771 | 58 | 5,544 |
| Professional fees | 67,804 | 8,333 | 631 | 76,768 |
| Salaries | 256,274 | 41,889 | 3,166 | 301,329 |
| Supplies | 6,240 | 1,020 | 77 | 7,337 |
| Telephone | 3,859 | 631 | 48 | 4,538 |
| Program grants | 1,000 | - | - | 1,000 |
| TOTAL EXPENSES | \$ 695,944 | \$ 78,669 | \$ 5,947 | \$ 780,560 |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (32,625) | \$ 126,993 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 1,053 | 1,940 |
| (Increase) decrease in: | | |
| Grants and other receivables | 357 | 11,464 |
| Prepaid expenses | 6,208 | (2,932) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (13,251) | (23,501) |
| Accrued payroll and vacation | 2,473 | (7,360) |
| Deferred membership fees | 8,050 | 6,475 |
| Deferred contract revenue | - | (17,377) |
| Grantor payable | 2,215 | (4,837) |
| Net cash provided (used) by operating activities | <u>(25,520)</u> | <u>90,865</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments from loans receivable | - | 20,001 |
| Net cash provided by investing activities | <u>-</u> | <u>20,001</u> |
| Net increase (decrease) in cash | (25,520) | 110,866 |
| CASH, BEGINNING | <u>346,975</u> | <u>236,109</u> |
| CASH, ENDING | <u>\$ 321,455</u> | <u>\$ 346,975</u> |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES | | |
| Non-cash loan forgiveness | | |
| Loans forgiven by grantor | <u>\$ (137,943)</u> | <u>\$ (133,944)</u> |
| Loans forgiven by grantee | <u>\$ 137,943</u> | <u>\$ 133,944</u> |

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Pennsylvania Downtown Center, Inc. (the Center), was incorporated on June 15, 1987. The goals of the Center are to encourage development, redevelopment, and improvement of downtown areas within the cities and towns of Pennsylvania. These goals are pursued through seminars and educational programs, member forums, promotion, implementation of comprehensive legal and financing techniques, and the acquisition and use of grants for educating downtown areas on architectural design and rehabilitation.

Keystone Core Services, Inc., (KCS) a wholly controlled organization of the Center, was organized in 2009 for the purpose of acting as a redevelopment partner for the reclamation and rehabilitation of blighted and deteriorated properties in which the private sector has not reinvested or redeveloped. This community-based real estate intervention process operates in communities where it has been invited to partner with the local revitalization organization.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Center and KCS, which are consolidated due to substantial ownership and control by the Center. All significant intercompany accounts have been eliminated in the consolidation.

Basis of Accounting

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

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, and are included in the caption cash and cash equivalents on the consolidated statements of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost or estimated fair market value on the date of purchase or donation, respectively. Depreciation is provided over the estimated useful lives of the assets by using the straight-line method. Gains and losses resulting from the sale or retirement of property and equipment are included in the consolidated statements of activities. Expenditures for maintenance and repairs are charged to expense as incurred. Significant renewals, improvements, and betterments of fixed assets are capitalized.

Property and equipment are being depreciated over the following periods:

| | |
|-------------------------|------------|
| Furniture and equipment | 3-7 years |
| Vehicles | 5 years |
| Leasehold improvements | 7-15 years |

Depreciation expense for the years ended June 30, 2017 and 2016 was \$ 1,053 and \$ 1,940, respectively.

The Organization's policy is to capitalize property and equipment expenditures of \$ 500 or more.

Net Assets

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.

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

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization.

Accrued Vacation

Employees are permitted to carry over a pre-determined maximum number of unused vacation days from one fiscal year to the next. Employees will receive payment for their unused vacation, up to that maximum, upon termination. The Organization has established a liability for unused vacation based on the aggregate maximum per employee.

Income Taxes

The Center and KCS are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and are considered to be public charities. In addition, they were organized under the Pennsylvania Nonprofit Corporation Law and are exempt from state income taxes. The Organizations each file Form 990, "Return of Organization Exempt from Income Tax." The Forms 990 are generally subject to examination for a period of three years after the returns are filed.

PENNSYLVANIA DOWNTOWN CENTER, INC.
Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Allocation of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon management's judgment and past experience. Supporting services consist of management and general and fundraising expenses.

Grants and Other Receivables

The Organization carries receivables at cost. Receivables are generally considered collectible based on an evaluation by management and consequently no allowance has been established. The Organization does not charge interest on outstanding receivables and records bad debts when a specific item is determined to be uncollectible and written off.

NOTE 2 FIXED ASSETS

Fixed assets as of June 30, 2017 and 2016 are summarized as follows:

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|-----------------|-----------------|
| Furniture and equipment | \$ 52,774 | \$ 52,774 |
| Vehicles | 39,225 | 39,225 |
| Leasehold improvements | <u>1,650</u> | <u>1,650</u> |
| | 93,649 | 93,649 |
| Less: Accumulated depreciation | <u>(92,694)</u> | <u>(91,641)</u> |
| PROPERTY AND EQUIPMENT, NET | <u>\$ 955</u> | <u>\$ 2,008</u> |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE 3 DEFERRED REVENUE

Deferred Membership Fees

Memberships are recognized as revenue in the year in which the membership applies. Deferred membership fees represent fees that have been received in advance. Deferred membership fees were \$ 20,550 and \$ 12,500 at June 30, 2017 and 2016, respectively.

Deferred C.R.C. Workshops Revenue

The Organization assists communities with organizational development by consolidating multiple groups of non-profit organizations into single organizations. Deferred C.R.C. workshops revenue was \$ 3,390 at June 30, 2017 and 2016.

NOTE 4 LINE OF CREDIT

The Organization maintains a \$ 40,000 line of credit with a financial institution. The line is unsecured and expires in February 2018. The line of credit bears interest at the bank's prime rate plus 1.50%. As of June 30, 2017 and 2016, there were no amounts outstanding on the line of credit and no interest was paid during these years.

NOTE 5 RETIREMENT EXPENSE

The Organization maintains a SIMPLE retirement plan for eligible employees and matches contributions on wages up to 3% of gross wages. Retirement expense totaled \$ 7,126 and \$ 5,147 for the years ended June 30, 2017 and 2016, respectively.

NOTE 6 GRANTS

The Organization received approximately 49% and 51% of its total support and revenue in the form of grants from the Department of Community and Economic Development for the years ended June 30, 2017 and 2016, respectively. The grants are designated to accomplish specific objectives outlined in the grants' scopes of services. A significant reduction in the level of government grants, if this were to occur, may have a major impact on the Organization's programs and activities.

Grant amounts received and not spent at June 30 are reported as deferred grant revenue. Amounts spent and not received are reported as grants receivable.

PENNSYLVANIA DOWNTOWN CENTER, INC.
Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE 7 CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash at a local financial institution. During the course of the year, these funds may periodically exceed limits insured by the Federal Deposit Insurance Corporation. Management considers this to be a normal business risk.

NOTE 8 LEASES

The Organization entered into various operating leases under which total rent expense for the years ended June 30, 2017 and 2016 was \$ 18,320 and \$ 18,063 respectively.

Future minimum lease payments, assuming no change in current terms, are as follows as of June 30, 2017:

| | | |
|------|----|-----|
| 2018 | \$ | 898 |
|------|----|-----|

NOTE 9 HOUSING ASSISTANCE PROJECT/LOANS RECEIVABLE/GRANTOR PAYABLE

During the year ended June 30, 2007, the Organization began giving assistance in the form of loans to purchasers and owners of homes in certain Elm Street Communities as part of the Elm Street Demonstration project. The Organization has agreements with organizations within the communities to facilitate the program. The Organization is assisting eligible individuals with down payments and closing costs and rehabilitation costs. The maximum amount of assistance given for the down payment and closing costs is 20% of the selling price up to \$ 20,000 and the maximum for the rehabilitation costs is \$ 40,000 per house. No single homeowner can receive more than \$ 40,000 of assistance in total. The Organization obtains a second mortgage on properties for which it provides assistance.

The loans for rehabilitation costs are forgiven at 20% per year in years six through ten (i.e. 100% of the assistance is due to be repaid in years one through five if the property is sold). The loans for down payment assistance costs are forgiven at 10% per year in year eleven through twenty (i.e. 100% of the assistance is due to be repaid in years one through ten if the property is sold). If the homeowner sells their property prior to or during the forgiveness period, the unforgiven portion of funds must be returned to the Organization. In turn, the Organization must notify the Grantor that the funds have been returned and the Grantor will decide, on a case-by-case basis, if the funds need to be returned to the Grantor by the Organization.

PENNSYLVANIA DOWNTOWN CENTER, INC.
Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE 9 HOUSING ASSISTANCE PROJECT/LOANS RECEIVABLE/GRANTOR PAYABLE (CONTINUED)

The Organization maintains both a loan receivable (from the homeowners) and a grantor payable on the Consolidated Statements of Financial Position for the total amount of unforgiven funds. At June 30, 2017 and 2016, the Organization had the following balances in these accounts:

| | Loans Receivable | Cash on Hand | Grantor Payable |
|-----------------------------------|-----------------------------|-------------------------|----------------------------|
| Balance as of June 30, 2015 | \$ 492,806 | \$ 49,078 | \$ 541,884 |
| Loans forgiven | (133,944) | - | (133,944) |
| Payments received | (20,001) | 20,001 | - |
| Use of funds for special projects | - | (4,837) | (4,837) |
| Balance as of June 30, 2016 | <u>338,861</u> | <u>64,242</u> | <u>403,103</u> |
| Loans forgiven | (137,943) | - | (137,943) |
| Payments received | - | 4,494 | 4,494 |
| Use of funds for special projects | - | (2,279) | (2,279) |
| Balance as of June 30, 2017 | <u>\$ 200,918</u> | <u>\$ 66,457</u> | <u>\$ 267,375</u> |

As the loans are forgiven by the Organization, as described above, the Organization will recognize an expense on the Consolidated Statements of Activities and a reduction in loans receivable, along with recognizing revenue and a reduction of grantor payable.

During the year ended June 30, 2017, \$ 137,943 was forgiven by the Organization, and \$ 4,494 was returned to the Organization by homeowners.

During the year ended June 30, 2016, \$ 133,944 was forgiven by the Organization, and \$ 20,001 was returned to the Organization by homeowners.

The Organization is programming the use of cash on hand with the pre-approval of the Department of Community and Economic Development.

NOTE 10 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to June 30, 2017 through November 20, 2017, the date these financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles, management has not identified any events that occurred subsequent to June 30, 2017 that require recognition or disclosure in the financial statements.

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidating Statement of Financial Position
June 30, 2017

| | Pennsylvania Downtown Center, Inc. | Keystone Core Services, Inc. | Eliminations | Consolidated |
|---|--|------------------------------------|--------------------|-------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 303,374 | \$ 18,081 | \$ - | \$ 321,455 |
| Grants and other receivables | 305,521 | 17,500 | (12,246) | 310,775 |
| Prepaid expenses | 4,977 | - | - | 4,977 |
| Total current assets | <u>613,872</u> | <u>35,581</u> | <u>(12,246)</u> | <u>637,207</u> |
| Other Assets | | | | |
| Loans receivable | 200,918 | - | - | 200,918 |
| Property and equipment, net | 955 | - | - | 955 |
| Total other assets | <u>201,873</u> | <u>-</u> | <u>-</u> | <u>201,873</u> |
| TOTAL ASSETS | <u>\$ 815,745</u> | <u>\$ 35,581</u> | <u>\$ (12,246)</u> | <u>\$ 839,080</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Liabilities | | | | |
| Accounts payable and accrued expenses | \$ 40,560 | \$ 12,246 | \$ (12,246) | \$ 40,560 |
| Accrued payroll and vacation | 6,473 | - | - | 6,473 |
| Deferred membership fees | 20,550 | - | - | 20,550 |
| Deferred C.R.C. workshops' revenue | 3,390 | - | - | 3,390 |
| Grantor payable | 267,375 | - | - | 267,375 |
| Total liabilities | <u>338,348</u> | <u>12,246</u> | <u>(12,246)</u> | <u>338,348</u> |
| Net Assets | | | | |
| Unrestricted | 477,397 | 23,335 | - | 500,732 |
| Total net assets | <u>477,397</u> | <u>23,335</u> | <u>-</u> | <u>500,732</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 815,745</u> | <u>\$ 35,581</u> | <u>\$ (12,246)</u> | <u>\$ 839,080</u> |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidating Statement of Financial Position
June 30, 2016

| | Pennsylvania Downtown Center, Inc. | Keystone Core Services, Inc. | Eliminations | Consolidated |
|---|--|------------------------------------|--------------------|---------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 338,418 | \$ 8,557 | \$ - | \$ 346,975 |
| Grants and other receivables | 297,918 | 25,460 | (12,246) | 311,132 |
| Prepaid expenses | 11,185 | - | - | 11,185 |
| Total current assets | <u>647,521</u> | <u>34,017</u> | <u>(12,246)</u> | <u>669,292</u> |
| Other Assets | | | | |
| Loans receivable | 338,861 | - | - | 338,861 |
| Property and equipment, net | 2,008 | - | - | 2,008 |
| Total other assets | <u>340,869</u> | <u>-</u> | <u>-</u> | <u>340,869</u> |
| TOTAL ASSETS | <u>\$ 988,390</u> | <u>\$ 34,017</u> | <u>\$ (12,246)</u> | <u>\$ 1,010,161</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Liabilities | | | | |
| Accounts payable and accrued expenses | \$ 53,811 | \$ 12,246 | \$ (12,246) | \$ 53,811 |
| Accrued payroll and vacation | 4,000 | - | - | 4,000 |
| Deferred membership fees | 12,500 | - | - | 12,500 |
| Deferred C.R.C. workshops' revenue | 3,390 | - | - | 3,390 |
| Grantor payable | 403,103 | - | - | 403,103 |
| Total liabilities | <u>476,804</u> | <u>12,246</u> | <u>(12,246)</u> | <u>476,804</u> |
| Net Assets | | | | |
| Unrestricted | 511,586 | 21,771 | - | 533,357 |
| Total net assets | <u>511,586</u> | <u>21,771</u> | <u>-</u> | <u>533,357</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 988,390</u> | <u>\$ 34,017</u> | <u>\$ (12,246)</u> | <u>\$ 1,010,161</u> |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidating Statement of Activities
Year Ended June 30, 2017

| | Pennsylvania Downtown Center, Inc. | Keystone Core Services, Inc. | Eliminations | Consolidated |
|--------------------------------------|--|---------------------------------|--------------|--------------|
| SUPPORT AND REVENUE | | | | |
| Grant revenue | \$ 625,935 | \$ - | \$ - | \$ 625,935 |
| Loan forgiveness revenue | 137,943 | - | - | 137,943 |
| Conferences | 168,093 | - | - | 168,093 |
| Memberships | 43,744 | - | - | 43,744 |
| Contributions | 3,295 | - | - | 3,295 |
| Workshops | 12,505 | - | - | 12,505 |
| Miscellaneous | 2,222 | - | - | 2,222 |
| Service revenue | 46,000 | 2,500 | - | 48,500 |
| Rent | 2,400 | - | - | 2,400 |
| Investment income | 127 | - | - | 127 |
| Total support and revenue | 1,042,264 | 2,500 | - | 1,044,764 |
| EXPENSES | | | | |
| Community development programs | 979,282 | 936 | - | 980,218 |
| General and administrative | 94,041 | - | - | 94,041 |
| Fundraising | 3,130 | - | - | 3,130 |
| Total expenses | 1,076,453 | 936 | - | 1,077,389 |
| Change in net assets | (34,189) | 1,564 | - | (32,625) |
| NET ASSETS, BEGINNING OF YEAR | 511,586 | 21,771 | - | 533,357 |
| NET ASSETS, END OF YEAR | \$ 477,397 | \$ 23,335 | \$ - | \$ 500,732 |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidating Statement of Activities
Year Ended June 30, 2016

| | Pennsylvania Downtown Center, Inc. | Keystone Core Services, Inc. | Eliminations | Consolidated |
|--------------------------------------|---|---|---------------------|---------------------|
| SUPPORT AND REVENUE | | | | |
| Grant revenue | \$ 601,492 | \$ - | \$ - | \$ 601,492 |
| Loan forgiveness revenue | 133,944 | - | - | 133,944 |
| Conferences | 74,534 | - | - | 74,534 |
| Memberships | 30,658 | - | - | 30,658 |
| Contributions | 17,365 | - | - | 17,365 |
| Workshops | 9,925 | - | - | 9,925 |
| Miscellaneous | 2,661 | - | - | 2,661 |
| Service revenue | 24,335 | 13,836 | (3,836) | 34,335 |
| Rent | 2,400 | - | - | 2,400 |
| Investment income | 239 | - | - | 239 |
| Total support and revenue | <u>897,553</u> | <u>13,836</u> | <u>(3,836)</u> | <u>907,553</u> |
| EXPENSES | | | | |
| Community development programs | 695,592 | 4,188 | (3,836) | 695,944 |
| General and administrative | 78,669 | - | - | 78,669 |
| Fundraising | 5,947 | - | - | 5,947 |
| Total expenses | <u>780,208</u> | <u>4,188</u> | <u>(3,836)</u> | <u>780,560</u> |
| Change in net assets | 117,345 | 9,648 | - | 126,993 |
| NET ASSETS, BEGINNING OF YEAR | <u>394,241</u> | <u>12,123</u> | <u>-</u> | <u>406,364</u> |
| NET ASSETS, END OF YEAR | <u>\$ 511,586</u> | <u>\$ 21,771</u> | <u>\$ -</u> | <u>\$ 533,357</u> |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidating Statement of Cash Flows
Year Ended June 30, 2017

| | Pennsylvania Downtown Center, Inc. | Keystone Core Services, Inc. | Eliminations | Consolidated |
|--|--|---------------------------------|--------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Change in net assets | \$ (34,189) | \$ 1,564 | \$ - | \$ (32,625) |
| Adjustments to reconcile change in net assets to net cash provided (used) by net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization | 1,053 | - | - | 1,053 |
| (Increase) decrease in: | | | | |
| Grants and other receivables | (7,603) | 7,960 | - | 357 |
| Prepaid expenses | 6,208 | - | - | 6,208 |
| Increase (decrease) in: | | | | |
| Accounts payable and accrued expenses | (13,251) | - | - | (13,251) |
| Accrued payroll and vacation | 2,473 | - | - | 2,473 |
| Deferred membership fees | 8,050 | - | - | 8,050 |
| Grantor payable | 2,215 | - | - | 2,215 |
| Net cash provided (used) by operating activities | <u>(35,044)</u> | <u>9,524</u> | <u>-</u> | <u>(25,520)</u> |
| Net increase (decrease) in cash | - | - | - | - |
| CASH, BEGINNING | <u>338,418</u> | <u>8,557</u> | <u>-</u> | <u>346,975</u> |
| CASH, ENDING | <u>\$ 338,418</u> | <u>\$ 8,557</u> | <u>\$ -</u> | <u>\$ 346,975</u> |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES | | | | |
| Non-cash loan forgiveness | | | | |
| Loans forgiven by grantor | <u>\$ (137,943)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (137,943)</u> |
| Loans forgiven by grantee | <u>\$ 137,943</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 137,943</u> |

PENNSYLVANIA DOWNTOWN CENTER, INC.
Consolidating Statement of Cash Flows
Year Ended June 30, 2016

| | Pennsylvania Downtown Center, Inc. | Keystone Core Services, Inc. | Eliminations | Consolidated |
|---|--|---------------------------------|--------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Change in net assets | \$ 117,345 | \$ 9,648 | \$ - | \$ 126,993 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization | 1,940 | - | - | 1,940 |
| (Increase) decrease in: | | | | |
| Grants and other receivables | 18,964 | (7,500) | - | 11,464 |
| Prepaid expenses | (2,932) | - | - | (2,932) |
| Increase (decrease) in: | | | | |
| Accounts payable and accrued expenses | (23,501) | - | - | (23,501) |
| Accrued payroll and vacation | (7,360) | - | - | (7,360) |
| Deferred membership fees | 6,475 | - | - | 6,475 |
| Deferred contract revenue | (17,377) | - | - | (17,377) |
| Grantor payable | (4,837) | - | - | (4,837) |
| Net cash provided by operating activities | <u>88,717</u> | <u>2,148</u> | <u>-</u> | <u>90,865</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments from loans receivable | <u>20,001</u> | <u>-</u> | <u>-</u> | <u>20,001</u> |
| Net cash provided by investing activities | <u>20,001</u> | <u>-</u> | <u>-</u> | <u>20,001</u> |
| Net increase (decrease) in cash | 108,718 | 2,148 | - | 110,866 |
| CASH, BEGINNING | <u>229,700</u> | <u>6,409</u> | <u>-</u> | <u>236,109</u> |
| CASH, ENDING | <u>\$ 338,418</u> | <u>\$ 8,557</u> | <u>\$ -</u> | <u>\$ 346,975</u> |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES | | | | |
| Non-cash loan forgiveness | | | | |
| Loans forgiven by grantor | <u>\$ (133,944)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (133,944)</u> |
| Loans forgiven by grantee | <u>\$ 133,944</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 133,944</u> |