

SELINGROVE PROJECTS INCORPORATED

FINANCIAL STATEMENTS

Years Ended December 31, 2011 and 2010

SELINGROVE PROJECTS INCORPORATED

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KM&R, LLC

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Trustees of
SELINGSGROVE PROJECTS INCORPORATED

We have compiled the accompanying statements of financial position of Selingsgrove Projects Incorporated (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

KM&R, LLC

May 16, 2012

SELINGROVE PROJECTS INCORPORATED

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 121,117	\$ 97,348
Certificates of deposit (Note 3)	55,076	78,476
Other current assets	1,770	270
Property and equipment, net (Note 4)	<u>250,489</u>	<u>230,144</u>
Total assets	<u>\$ 428,452</u>	<u>\$ 406,238</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 12,526	\$ 983
Total liabilities	<u>12,526</u>	<u>983</u>

NET ASSETS

Unrestricted	319,063	310,125
Temporarily restricted (Note 6)	<u>96,863</u>	<u>95,130</u>
Total net assets	<u>415,926</u>	<u>405,255</u>
Total liabilities and net assets	<u>\$ 428,452</u>	<u>\$ 406,238</u>

See accompanying notes and independent accountant's compilation report

SELINGROVE PROJECTS INCORPORATED

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
Support		
Contributions	\$ 11,076	\$ 6,164
Grant income	<u>500</u>	<u>10,000</u>
Total support	<u>11,576</u>	<u>16,164</u>
Revenue		
Sales	53,376	2,350
Net special fundraising events	73,362	53,863
Investment income	276	92
Other income	<u>6,614</u>	<u>1,443</u>
Total revenue	<u>133,628</u>	<u>57,748</u>
Net assets released from restrictions		
Restrictions satisfied by payments	<u>1,109</u>	<u>3,155</u>
Total unrestricted support and revenue	<u>146,313</u>	<u>77,067</u>
Expenses		
Program services - Community Revitalization		
Main Street facade grants	20,000	-
Materials and supplies	19,563	7,831
Artisan reimbursement	37,518	-
Outside services	15,078	13,260
Miscellaneous expenses	8,737	6,795
Advertising	2,506	3,494
Insurance	2,472	1,522
Utilities	2,234	383
Rent	8,625	1,800
Payroll and related costs	11,214	95
Depreciation	756	553
Awards and scholarships	500	1,000
Professional development	865	-
Donations	450	794
Prizes	-	90
Program services - Commons		
Materials and supplies	73	5,085
Outside services	1,655	604
Utilities	312	-
Miscellaneous expenses	57	-
Program services - Governor Snyder monument		
Materials and supplies	553	-
Outside services	258	-
Miscellaneous expenses	<u>71</u>	<u>445</u>
Total program services	<u>133,497</u>	<u>43,751</u>

See accompanying notes and independent accountant's compilation report

SELINGROVE PROJECTS INCORPORATED

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Supporting services		
Bank fees	\$ 1,708	\$ 479
Dues and subscriptions	1,188	658
Office supplies	792	45
Postage	190	68
Total supporting services	<u>3,878</u>	<u>1,250</u>
Total expenses	<u>137,375</u>	<u>45,001</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>8,938</u>	<u>32,066</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	2,715	5,864
Other income	127	904
Net investment income	-	280
Net assets released from restrictions	<u>(1,109)</u>	<u>(3,155)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>1,733</u>	<u>3,893</u>
CHANGE IN NET ASSETS	10,671	35,959
NET ASSETS, Beginning	<u>405,255</u>	<u>369,296</u>
NET ASSETS, Ending	<u>\$ 415,926</u>	<u>\$ 405,255</u>

See accompanying notes and independent accountant's compilation report

SELINGROVE PROJECTS INCORPORATED

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 10,671	\$ 35,959
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	756	553
Changes in:		
Other current assets	(1,500)	-
Accounts payable and accrued expenses	<u>11,543</u>	<u>(78)</u>
Net cash provided by operating activities	<u>21,470</u>	<u>36,434</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net certificates of deposit	23,400	(281)
Capital expenditures	<u>(21,101)</u>	<u>-</u>
Net cash provided by (used by) investing activities	<u>2,299</u>	<u>(281)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,769	36,153
CASH AND CASH EQUIVALENTS, Beginning	<u>97,348</u>	<u>61,195</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 121,117</u>	<u>\$ 97,348</u>

See accompanying notes and independent accountant's compilation report

SELINGROVE PROJECTS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Selinsgrove Projects Incorporated (SPI) was incorporated in May, 1985 to enhance Selinsgrove, Pennsylvania. The Organization's purpose is to promote and assist in the growth, development and conservation of the unique character and heritage of Selinsgrove and the surrounding area and to promote and encourage the reinvestment of public and private funds to accomplish these purposes.

Basis of Accounting

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

Basis of Presentation

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash balances in financial institution accounts which have not exceeded federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at fair value on the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

SELINGROVE PROJECTS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

The value of donated volunteer services is not reflected in the accompanying financial statements. However, a substantial number of volunteers have donated significant amounts of their time and perform a variety of tasks that assist the Organization with specific programs, fund raising and various committee assignments. The Organization pays for some services requiring specific expertise.

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.

Expense Allocation

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

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no income tax provision is recognized for financial reporting purposes.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when the purpose of the 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. At December 31, 2011 and 2010, temporarily restricted net assets are restricted primarily for or are restricted

SELINGROVE PROJECTS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Revenue (continued)

based on time restrictions of payment by the donor. Permanently restricted net assets consist of funds to be held indefinitely, the income from which is to support the Organization's general activities.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only with the conditions on which they depend are substantially met and the promises become unconditional.

Advertising

The Organization uses advertising to promote its programs among the area it serves. The costs of advertising are expensed as incurred. During the years ended December 31, 2011 and 2010, advertising costs amounted to \$2,506 and \$3,494, respectively.

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The program and supporting services in the accompanying financial statements include but are not limited to: the rehabilitation and development of housing, the improvement of community facilities, the revitalization of the established downtown commercial districts, the adaptive reuse of significant older buildings, and the general improvement and betterment of Selinsgrove and the surrounding area.

NOTE 3 - CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$55,076 and \$78,476 at December 31, 2011 and 2010 are included in the accompanying financial statements. The certificate bears interest of .3% and maturity of nine months.

NOTE 4 - PROPERTY AND EQUIPMENT

At December 31, 2011 and 2010 property, plant and equipment consisted of the following:

	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 250,707	\$ 229,605
Equipment	<u>2,015</u>	<u>2,015</u>
	252,722	231,620
Less accumulated depreciation	<u>2,233</u>	<u>1,476</u>
Net	<u>\$ 250,489</u>	<u>\$ 230,144</u>

SELINGSGROVE PROJECTS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 5 - LEASE

The Organization has entered into a lease agreement with the First National Bank of Pennsylvania. The annual lease requires monthly payments of \$150.

NOTE 6 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Selinsgrove Pool	\$ 9,493	\$ 9,493
Street Lights	74,285	74,285
Governor Snyder Monument	<u>13,085</u>	<u>11,352</u>
Total	<u>\$ 96,863</u>	<u>\$ 95,130</u>

NOTE 7 - FUND-RAISING EXPENSES

Total direct fund-raising expenses, netted with fund-raising income for the years ended December 31, 2011 and 2010, were \$7,470 and \$6,758, respectively.

NOTE 8– OPEN TAX YEARS

The Organization's Forms 990-EZ, Return of Organization Exempt from Income Tax, for the years ending 2011, 2010, 2009 and 2008 are subject to examination by the IRS, generally for 3 years after they were filed.

NOTE 9– SUBSEQUENT EVENTS

Subsequent events were evaluated through May 16, 2012, which is the date the financial statements were available to be issued.