

SELINGROVE PROJECTS INCORPORATED

FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

SELINGROVE PROJECTS INCORPORATED

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Years Ended 12/31/2012 and 2011

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Trustees of
SELINGROVE PROJECTS INCORPORATED

We have compiled the accompanying statements of financial position of Selingsgrove Projects Incorporated (a nonprofit organization) as of December 31, 2012 and 2011, 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 21, 2013

SELINGSGROVE PROJECTS INCORPORATED

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 105,053	\$ 121,117
Certificates of deposit (Note 3)	100,258	55,076
Other current assets	1,770	1,770
Property and equipment, net (Note 4)	<u>249,327</u>	<u>250,489</u>
Total assets	<u>\$ 456,408</u>	<u>\$ 428,452</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	<u>\$ 10,339</u>	<u>\$ 12,526</u>
Total liabilities	<u>10,339</u>	<u>12,526</u>

NET ASSETS

Unrestricted	361,551	319,063
Temporarily restricted (Note 6)	<u>84,518</u>	<u>96,863</u>
Total net assets	<u>446,069</u>	<u>415,926</u>
Total liabilities and net assets	<u>\$ 456,408</u>	<u>\$ 428,452</u>

See accompanying notes and independent accountant's compilation report

SELINGROVE PROJECTS INCORPORATED

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS		
Support		
Contributions	\$ 6,872	\$ 11,076
Grant income	<u>1,000</u>	<u>500</u>
Total support	<u>7,872</u>	<u>11,576</u>
Revenue		
Sales	54,297	53,376
Net special fundraising events	63,986	73,362
Investment income	199	276
Other income	<u>4,805</u>	<u>6,614</u>
Total revenue	<u>123,287</u>	<u>133,628</u>
Net assets released from restrictions		
Restrictions satisfied by payments	<u>14,401</u>	<u>1,109</u>
Total unrestricted support and revenue	<u>145,560</u>	<u>146,313</u>
Expenses		
Program services - Community Revitalization		
Main Street facade grants	-	20,000
Materials and supplies	9,862	19,563
Artisan reimbursement	33,490	37,518
Outside services	6,290	15,078
Miscellaneous expenses	3,222	8,737
Advertising	1,825	2,506
Insurance	3,528	2,472
Utilities	2,977	2,234
Rent	9,000	8,625
Payroll and related costs	4,136	11,214
Depreciation	1,163	756
Awards and scholarships	500	500
Professional development	1,335	865
Donations	850	450
Program services - Commons		
Materials and supplies	374	73
Outside services	3,598	1,655
Utilities	607	312
Miscellaneous expenses	-	57
Program services - Governor Snyder Monument		
Materials and supplies	-	553
Outside services	13,566	258
Miscellaneous expenses	<u>-</u>	<u>71</u>
Total program services	<u>96,323</u>	<u>133,497</u>

See accompanying notes and independent accountant's compilation report

SELINGSGROVE PROJECTS INCORPORATED

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Supporting services		
Bank fees	\$ 2,623	\$ 1,708
Dues and subscriptions	1,455	1,188
Office supplies	2,200	792
Postage	471	190
Total supporting services	<u>6,749</u>	<u>3,878</u>
Total expenses	<u>103,072</u>	<u>137,375</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>42,488</u>	<u>8,938</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	1,925	2,715
Other income	-	127
Net investment income	131	-
Net assets released from restrictions	<u>(14,401)</u>	<u>(1,109)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(12,345)</u>	<u>1,733</u>
CHANGE IN NET ASSETS	30,143	10,671
NET ASSETS, Beginning	<u>415,926</u>	<u>405,255</u>
NET ASSETS, Ending	<u>\$ 446,069</u>	<u>\$ 415,926</u>

See accompanying notes and independent accountant's compilation report

SELINGROVE PROJECTS INCORPORATED

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 30,143	\$ 10,671
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,163	756
Changes in:		
Other current assets	-	(1,500)
Accounts payable and accrued expenses	<u>(2,188)</u>	<u>11,543</u>
Net cash provided by operating activities	<u>29,118</u>	<u>21,470</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net certificates of deposit	(45,182)	23,400
Capital expenditures	<u>-</u>	<u>(21,101)</u>
Net cash provided by (used by) investing activities	<u>(45,182)</u>	<u>2,299</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,064)	23,769
CASH AND CASH EQUIVALENTS, Beginning	<u>121,117</u>	<u>97,348</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 105,053</u>	<u>\$ 121,117</u>

See accompanying notes and independent accountant's compilation report

SELINGROVE PROJECTS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

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, 2012 AND 2011

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, 2012 and 2011, temporarily restricted net assets are restricted primarily for or are restricted

SELINGROVE PROJECTS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

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, 2012 and 2011, advertising costs amounted to \$1,825 and \$2,506, 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 \$100,258 and \$55,076 at December 31, 2012 and 2011 are included in the accompanying financial statements. The certificate at December 31, 2012 bears interest of .2% and maturity of nine months.

NOTE 4 - PROPERTY AND EQUIPMENT

At December 31, 2012 and 2011 property and equipment consisted of the following:

	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 250,707	\$ 250,707
Equipment	2,015	2,015
	<hr/>	<hr/>
	252,722	252,722
Less accumulated depreciation	3,395	2,233
	<hr/>	<hr/>
Net	\$ 249,327	\$ 250,489

SELINGROVE PROJECTS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 5 - LEASES

The Organization has entered into a lease agreement with the Selingsrove Borough. The lease requires no monthly payment and has a term of 25 years, ending March 6, 2036.

The Organization has also entered into a separate annual lease agreement for retail space located on Market Street in Selingsrove, PA, requiring monthly payments of \$750.

NOTE 6 -- RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Selingsrove Pool	\$ 8,993	\$ 9,493
Street Lights	74,410	74,285
Governor Snyder Monument	1,115	13,085
Total	<u>\$ 84,518</u>	<u>\$ 96,863</u>

NOTE 7 - FUND-RAISING EXPENSES

Total direct fund-raising expenses, netted with fund-raising income for the years ended December 31, 2012 and 2011, were \$27,732 and \$7,470, respectively.

NOTE 8-- OPEN TAX YEARS

The Organization's Forms 990-EZ, Return of Organization Exempt from Income Tax, for the years ending 2012, 2011, 2010 and 2009 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 21, 2013, which is the date the financial statements were available to be issued.