

**HARRISBURG DOWNTOWN  
IMPROVEMENT DISTRICT, INC.**

Harrisburg, Pennsylvania

Financial Audit Report

For the Years Ended December 31, 2021 and 2020

**HARRISBURG DOWNTOWN  
IMPROVEMENT DISTRICT, INC.**

Harrisburg, Pennsylvania

TABLE OF CONTENTS

<b>Independent Public Accountant's Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	5
Statements of Cash Flows	6
<b>Notes to the Financial Statements</b>	7

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANT'S**

To the Board of Directors  
Harrisburg Downtown Improvement District, Inc.

We have audited the accompanying financial statements of the Harrisburg Downtown Improvement District, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, and statements and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Harrisburg Downtown Improvement District, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Harrisburg Downtown Improvement District, Inc and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Harrisburg Downtown Improvement District, Inc's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Harrisburg Downtown Improvement District, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Harrisburg Downtown Improvement District, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Klucik & Associates PC*

Shamokin, Pennsylvania  
April 5, 2022

**HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.**

Harrisburg Pennsylvania

Statements of Financial Position

As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 439,494	\$ 386,798
Assessments Receivable, Net of Allowance for Doubtful Accounts of \$1,000	6,449	6,404
Other Receivable	25,850	15,954
Prepaid Expenses	10,536	7,300
	<u>482,329</u>	<u>416,456</u>
Total Current Assets		
PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS:		
Leasehold Improvements	30,000	30,000
Furniture and Equipment	64,232	64,232
	<u>94,232</u>	<u>94,232</u>
Total Property, Equipment, and Leasehold Improvements		
Less: Accumulated Depreciation	<u>(94,232)</u>	<u>(94,232)</u>
Total Property, Equipment, and Leasehold Improvements (Net of Accumulated Depreciation)	<u>-</u>	<u>-</u>
OTHER ASSETS:		
Project Costs	84,595	84,595
Less: Accumulated Amortization	<u>(77,644)</u>	<u>(74,665)</u>
Total Other Assets	<u>6,951</u>	<u>9,930</u>
TOTAL ASSETS	<u>\$ 489,280</u>	<u>\$ 426,386</u>

The accompanying notes are an integral part of these financial statements.

**HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.**

Harrisburg Pennsylvania

Statements of Financial Position

As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 24,597	\$ 17,825
Other Liabilities	<u>8,500</u>	<u>44</u>
Total Current Liabilities	<u>33,097</u>	<u>17,869</u>
LONG-TERM LIABILITIES:		
Deferred Income	<u>-</u>	<u>8,250</u>
Total Long-Term Liabilities	<u>-</u>	<u>8,250</u>
Total Liabilities	<u>33,097</u>	<u>26,119</u>
Net Assets		
Without Donor Restrictions	<u>456,183</u>	<u>400,267</u>
Total Net Assets	<u>456,183</u>	<u>400,267</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 489,280</u>	<u>\$ 426,386</u>

The accompanying notes are an integral part of these financial statements.

**HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.**

Harrisburg, Pennsylvania

Statements of Activities

For the Years Ended December 31, 2021 and 2020

	2021	2020
	Without Donor Restrictions	Without Donor Restrictions
OPERATING ACTIVITIES:		
OPERATING REVENUE:		
Property Assessments, Net of Discounts, Interest, and Penalty	\$ 648,593	\$ 645,359
Tax-exempt Contributions	36,933	41,596
Project Income	4,900	4,800
Cleaning Fee Revenue	10,700	6,800
Special Events, Net of Expenses (Peripheral and Incidental)	24,540	7,500
	<hr/>	<hr/>
Total Operating Revenues	725,666	706,055
OPERATING EXPENSES:		
Program Services	547,318	546,280
Supporting Services	122,878	125,801
	<hr/>	<hr/>
Total Operating Expenses	670,196	672,081
	<hr/>	<hr/>
Changes in Net Assets from Operating Activities	55,470	33,974
NONOPERATING ACTIVITIES:		
Grant Income	-	7,500
Interest Income	446	989
	<hr/>	<hr/>
Changes in Net Assets from Nonoperating Activities	446	8,489
	<hr/>	<hr/>
CHANGE IN NET ASSETS	55,916	42,463
	<hr/>	<hr/>
NET ASSETS, BEGINNING OF YEAR	400,267	357,804
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	\$ 456,183	\$ 400,267
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.**

Harrisburg, Pennsylvania

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2010

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 55,916	\$ 42,463
ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Amortization	2,979	2,979
(Increase) Decrease in Assets:		
Assessments Receivable	(45)	(2,366)
Other Receivable	(9,896)	(8,764)
Prepaid Expenses	(3,236)	13,033
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	15,228	(633)
Deferred Income	(8,250)	8,250
Net Cash Provided by (Used In) Operating Activities	<u>52,696</u>	<u>54,962</u>
Net Increase (Decrease) in Cash and Cash Equivalents	52,696	54,962
CASH AND CASH EQUIVALENTS - BEGINNING	<u>386,798</u>	<u>331,836</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 439,494</u></u>	<u><u>\$ 386,798</u></u>

The accompanying notes are an integral part of these financial statements.



## **HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.**

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 1 – Organization**

The Harrisburg Downtown Improvement District, Inc., a Pennsylvania non-profit corporation, (the “Corporation”) was formed on April 22, 2004, under the provisions of the Neighborhood Improvement District Act, as of December 20, 2000, to provide neighborhood improvement district management association services, overseeing a neighborhood improvement district located in the Downtown Business District of Harrisburg, Pennsylvania. Such services shall include services which improve the ability of commercial establishments to service its consumers, transportation, public relations programs, advertising, district maintenance, security services, and services which improve the ability of property owners to enjoy a safer and more attractive neighborhood. Upon the adoption of various resolutions, the Authority and all the Authority’s assets, liabilities, and contractual rights were assumed by the Corporation.

On September 12, 2017, the Corporation was reauthorized by Council of the City of Harrisburg to administer services and expand the District boundaries for a five-year term beginning January 1, 2018 and ending December 31, 2022.

There are seven members on the Corporation’s board representing all classes of property and each shall serve without compensation.

The Corporation’s operations are not dependent on any vendor, nor is there any concentration of supplies or materials that could materially influence its operation.

### **Note 2 – Summary of Significant Accounting Policies**

#### **Reporting Entity**

The Corporation was created under the provisions of the Neighborhood Improvement District Act to provide certain business improvements and administrative services to downtown Harrisburg, Pennsylvania. These financial statements include operations of all activities for which the Corporation has financial responsibility.

#### **Basis of Presentation**

The financial statements of the Corporation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

# HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.

Notes to the Financial Statements

December 31, 2021 and 2020

## **Note 2 – Summary of Significant Accounting Policies – Continued**

Accordingly, the net assets of the Corporation and changes therein are classified as follows:

**Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. The Corporation’s board may designate assets without restrictions for specific operational purposes from time to time.

**Net Assets With Donor Restrictions** – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Corporation has no Net Assets With Donor Restrictions.

Information for the year ended December 31, 2020, is not intended to be a complete presentation in accordance with accounting principles generally accepted in the United States of America and presented for comparative purposes only.

As of December 31, 2021, and 2020 the Corporation’s net assets of \$456,183 and \$400,267 were without donor restrictions.

	2021	2020
Net Assets Without Donor Restrictions	\$ 456,183	\$ 400,267

Grants and contract funding which are restricted to the use of the Corporation’s programs are reflected as unrestricted revenue when they are received and spent during the same year.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and mutual funds secured by government securities. The Corporation considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents for purposes of the Statements of Cash Flows. The carrying amount reported in the Statements of Financial Position for cash and cash equivalents approximates their fair value.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## **HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.**

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 2 – Summary of Significant Accounting Policies – Continued**

#### **Marketing and Advertising Costs**

The Corporation expensed advertising costs as incurred. Total marketing and advertising expense for the years ended December 31, 2021 and 2020 amounted to \$17,553 and \$23,726, respectively.

#### **Concentrations of Credit Risk**

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Credit risk is limited to assessments receivable, investments, and cash balances. As of December 31, 2021, the Corporation had \$200,601 and \$206,557 on deposit in each money market account. As of December 31, 2020, the Corporation had \$140,536 and \$206,175 on deposit in each money market account.

#### **Contributions**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

#### **Measure of Operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Corporation's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

**HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 2 – Summary of Significant Accounting Policies – Continued**

**Assessments Receivable & Other Receivables**

Assessments receivable are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. The allowance for this account is \$1,000. Management's periodic evaluation of the adequacy of the allowance is based on experience, aging of the receivables, adverse situations that may affect a property owner's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due.

**Property, Equipment and Leasehold Improvements**

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the useful lives of the assets. The cost of maintenance and repairs is charged to income as incurred, whereas significant renewals and enhancements are capitalized, and deduction is made for retirements resulting from renewals or enhancements.

Leasehold improvements pertain to the design and construction of certain improvements within the Corporation's leased space, which are stated at cost and depreciated over the lease term using the straight-line method of depreciation.

Management has set a policy using a dollar amount to capitalize expenditures of \$5,000. Management reviews expenditures to determine whether to capitalize.

All reported capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Furniture and Equipment	5 to 10
Leasehold Improvements	10 to 20

**Property Assessments**

Revenue resulting from the assessments of real property located within the District is the Corporation's primary source of funding. Once enacted, the assessments are obligations of the property owners for the period representing the Corporation's existence. Property owners authorized an assessment of 1.75 mils for the years ending through December 31, 2021. Tax-exempt properties that have decided to pay a contribution in lieu of assessment is recorded only when such contributed assessments are received.

## HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 2 – Summary of Significant Accounting Policies – Continued**

#### **Property Assessments – Continued**

During the years ended December 31, 2021 and 2020, the Corporation received \$36,933 and \$41,596 respectively of such in lieu of assessments. The related income was recorded as tax-exempt contributions.

Real estate assessments attach an enforceable lien on property as of January 1. Assessments paid through March 31 are given a 2% discount. Amounts paid after June 30 are assessed a 4% penalty and amounts paid after September 30 are assessed an 8% penalty. After December 31, a lien may be placed on the property for unpaid real estate assessments.

#### **Tax-Exempt Status**

The Corporation is a non-profit corporation that is exempt from income tax under provisions of Internal Revenue Code Section 501(c) (3), and state income tax statutes, to be excluded from taxes on exempt function income. Therefore, no provision is made for taxes on income.

The Corporation follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires an assessment of the Corporation's exposure to income taxes at the entity level due to uncertain tax positions taken in current and previously filed tax returns. Examples of tax positions taken at the entity level include continuing qualification as a tax-exempt organization and whether there are any taxable unrelated business income activities conducted. Any tax benefits associated with uncertain tax positions that exceed a realization threshold must be recorded as a liability for unrecognized tax benefits in the financial statements, along with any associated interest and penalties. Presently, management believes that it is more likely than not that its tax positions will be sustained upon examination, including any appeals and litigation, and therefore believes that the Corporation has no exposure to income taxes from uncertain tax positions.

The Corporation's Federal Exempt Organization Business Income Tax Returns for the years ended December 31, 2020, 2019 and 2018 remain subject to examination by the Internal Revenue Service.

#### **Accounting Standards Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, Leases. The amendments in this Update require lessees to record nearly all leases on the balance sheet, among other items. The amendments in this Update are applicable during annual periods beginning after December 15, 2021. (e.g., year-end December 31, 2021). Management is currently evaluating the effect that the amendments will have on the Corporation's financial statements.

# HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.

Notes to the Financial Statements

December 31, 2021 and 2020

## **Note 2 – Summary of Significant Accounting Policies – Continued**

### **Accounting Standards Not Yet Adopted-Continued**

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The amendments in this Update are applicable for contributions received or made during annual periods beginning after June 15, 2021. (e.g., year-end December 31, 2021). Management is currently evaluating the effect that the amendments will have on the Corporation's financial statements.

In November 2021, the FASB issued ASU 2021-10, Disclosures by Business Entities about Government Assistance. The amendments in this Update are applicable for periods beginning after December 15, 2021. Management is currently evaluating the effect that the amendments will have on the Corporation's financial statements.

### **Deferred Income**

Deferred revenue represents revenues collected but not earned as of December 31. The amount as of December 31, 2021 and 2020 is \$0 and \$8,250, respectively.

### **Functional Allocation of Expenses**

The Corporation allocates its expenses on a functional basis among its various programs and support activities. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification.

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Occupancy	Square Footage
Professional Services	Full Time Equivalent
Office	Full Time Equivalent
Information Technologies	Full Time Equivalent
Travel	Time and Effort
Depreciation	Square Footage
All Others	Time and Effort

**HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 2 – Summary of Significant Accounting Policies – Continued**

The following schedule shows the breakout of the program and supporting activities for the Corporation for the year ended December 31, 2021:

	<b>Program</b>	<b>Supporting</b>	<b>2021 Total</b>	<b>2020 Total</b>
	<b>Activities</b>	<b>Activities</b>	<b>Expenses</b>	<b>Expenses</b>
Cleaning Services	\$ 207,544	\$ -	\$ 207,544	\$ 188,959
Public Safety	56,430	-	56,430	51,967
Special Projects	2,772	-	2,772	48,500
Beautification Programs	24,576	-	24,576	23,550
Community Events	25,215	-	25,215	9,199
Parking	50,000	-	50,000	37,500
Management Salaries	93,075	89,425	182,500	95,000
Other Salaries	-	-	-	92,288
IRA Expense	3,791	1,625	5,416	5,558
Other Employee Benefits	15,330	6,570	21,900	19,960
Payroll Taxes	9,985	4,279	14,264	14,629
Professional Fees	7,823	-	7,823	7,565
Advertising and Promotion	17,553	-	17,553	23,726
Rent Expense	32,830	-	32,830	32,830
Office Expenses	-	8,565	8,565	6,567
Information Technology	-	1,102	1,102	3,090
Conferences and Meetings	-	2,603	2,603	2,294
Amortization	-	2,979	2,979	2,979
Insurance	-	5,730	5,730	5,535
All Other Expenses	394	-	394	385
<b>Total Program and Supporting Activities</b>	<b>\$ 547,318</b>	<b>\$ 122,878</b>	<b>\$ 670,196</b>	<b>\$ 672,081</b>

**Reclassifications**

Prior year amounts have been reclassified, where appropriate, to conform with the current year presentation.

## HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 3 – Liquidity**

The Corporation's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and Cash Equivalents	\$	439,494
Accounts Receivable, Net		<u>32,299</u>
	\$	<u>471,793</u>

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### **Note 4 – Cash and Deposits**

Demand deposits in banks are financial instruments which are subject to risk due to the \$250,000 maximum, Federal Deposit Insurance Corporation (FDIC)-insurance coverage.

As of December 31, 2021, there were no cash or cash equivalents for which there remain donor-imposed temporary or permanent restrictions. The total cash balance of \$439,494 consists of the following:

Petty Cash	\$	400
Checking Account		28,822
Cash - Visa Check Card		2,000
Health Reimbursement		1,114
Money Market		200,601
Money Market 2		<u>206,557</u>
Total	\$	<u>439,494</u>

### **Note 5 – Special Events**

Special events generate revenue for the Corporation as well as raise awareness about the organization's mission. There are no annual events hosted by the Corporation and only events that are peripheral and incidental in nature. The net amount of \$24,540 is included on the Statement of Activities.



**HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.**

Notes to the Financial Statements

December 31, 2021 and 2020

**Note 6 – Property, Equipment, and Leasehold Improvements**

Property, equipment, and leasehold improvements consist of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leasehold Improvements	\$ 30,000	\$ 30,000
Visitor Information Center Equipment	6,897	6,897
Marketing and Office Equipment	<u>57,335</u>	<u>57,335</u>
Subtotal	94,232	94,232
Accumulated Depreciation	<u>(94,232)</u>	<u>(94,232)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

There were no depreciation expenses for the years ended December 31, 2021 and 2020.

Project costs consist of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Plaza Improvement Project Costs	\$ 39,908	\$ 39,908
DID Territory Improvement Project Costs	<u>44,687</u>	<u>44,687</u>
Subtotal	84,595	84,595
Accumulated Amortization	<u>(77,644)</u>	<u>(74,665)</u>
Total	<u>\$ 6,951</u>	<u>\$ 9,930</u>

Amortization expense for the years ended December 31, 2021 and 2020 amounted to \$2,979 for both years.

**Note 7 – Transactions with Related Parties**

The Corporation executed a lease agreement, with a corporation for which a board member is also an employee of such corporation. The leased space, which is in the Corporation's District, consists of three offices and an area currently being used as a Visitors Information Center, for a total useable area of 1,876 square feet, and three parking spaces located in the corporation's parking garage.

## HARRISBURG DOWNTOWN IMPROVEMENT DISTRICT, INC.

Notes to the Financial Statements

December 31, 2021 and 2020

### **Note 7 – Transactions with Related Parties – Continued**

An amendment to the lease agreement was executed on October 6, 2020 for one (1) five (5) year period starting January 1, 2021 and ending December 31, 2025. The base rent will be \$32,830 for the year ended December 31, 2021.

Rent expense for the years ended December 31, 2021 and 2020 amounted to \$32,830 for both years, respectively. Additionally, the Corporation increased its commitment by assuming the lease for three unreserved parking spaces in the Corporation's parking garage. The Corporation's arrangement for parking was coterminous with the original lease agreement. Effective January 1, 2021, and throughout the term of the Lease the parking rent will be \$135 per space per month.

No amount of rent payable was outstanding as of December 31, 2021 and 2020. The Corporation paid approximately \$405 monthly to rent the three parking spaces. In addition, the parking rate for the four spaces designed for the parking of cleaning equipment is \$280 per month.

Future minimum lease payments relating to the Corporation's offices are \$41,050 for the year ending December 31, 2022 through 2025.

The Corporation executed a Property Protection Services Agreement with Harrisburg Property Services, Inc. (HPS) to provide safety patrols to the District Monday through Friday during lunchtime for a fixed fee. The Police provide safety patrols Thursday through Saturday from 6PM-10PM. This was paid monthly based on billings computed using hours worked times rates.

### **Note 8 – Commitments & Contingencies**

A Contract effective January 1, 2011 was entered into with ABM Janitorial Services to provide all services and labor necessary to commence and complete a cleaning program with the Corporation. The vendor will be compensated on a cost-plus basis not to exceed \$302,512 annually. Hourly wage rates, supplies, equipment expenses and other costs are detailed in the proposal. Yearly 12-month extensions have been agreed upon. A 12-month extension was agreed upon in December 2021 to continue through December 2022 with subsequent 12-month extensions.

There are no pending claims or lawsuits for the Corporation as of December 31, 2021. Management is of the opinion that there are no matters relating to litigation that will not have a material adverse effect on the Corporation's financial position as of December 31, 2021.

### **Note 9 – Retirement Plans**

The Corporation has adopted a Simple IRA plan for all employees receiving at least \$500 in compensation in the current year. Under this plan, the Corporation will match 100% of each participant's elective deferral up to 3% of that participant's annual compensation.

Employees are immediately vested in 100% of the employee and employer contributions to the plan. Total employer matching expense during the years ended December 31, 2021 and 2020 amounted to \$5,416 and \$5,558, respectively.