

DELAWARE PROSPERITY PARTNERSHIP, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Delaware Prosperity Partnership, Inc.
Wilmington, Delaware

We have audited the accompanying financial statements of Delaware Prosperity Partnership, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the four months then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

To the Board of Directors
Delaware Prosperity Partnership, Inc.

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 financial statements referred to above present fairly, in all material respects, the financial position of Delaware Prosperity Partnership, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the initial period then ended in accordance with accounting principles generally accepted in the United States of America.



A handwritten signature in cursive script, appearing to read "Walter W. Jones, CPA", is written above a horizontal line.

June 28, 2018
Wilmington, Delaware

DELAWARE PROSPERITY PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2017

ASSETS

	<u>2017</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 804,914
Contributions receivable	<u>375,000</u>
TOTAL CURRENT ASSETS	<u>\$ 1,179,914</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ <u>102,779</u>
Total current liabilities	102,779
NET ASSETS	
Unrestricted	1,027,135
Temporarily restricted	<u>50,000</u>
Total net assets	<u>1,077,135</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,179,914</u>

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

DELAWARE PROSPERITY PARTNERSHIP, INC.

STATEMENT OF ACTIVITIES

For the Period of Inception August 15, 2017 to December 31, 2017

	2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ 1,257,300	\$ 50,000	\$ 1,307,300
Total revenue and other support	1,257,300	50,000	1,307,300
EXPENSES			
Program services	171,406	-	171,406
Management and general	28,568	-	28,568
Fundraising	30,191	-	30,191
Total expenses	<u>230,165</u>	<u>-</u>	<u>230,165</u>
Change in net assets	1,027,135	50,000	1,077,135
Net assets – beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets – end of year	<u>\$ 1,027,135</u>	<u>\$ 50,000</u>	<u>\$ 1,077,135</u>

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

DELAWARE PROSPERITY PARTNERSHIP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Period of Inception August 15, 2017 to December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Program and Supporting Services</u>
Salaries	\$ 26,400	\$ 4,400	\$ 13,200	\$ 44,000
Payroll taxes and benefits	<u>2,054</u>	<u>342</u>	<u>1,028</u>	<u>3,424</u>
Total salaries and related expenses	28,454	4,742	14,228	47,424
Bank fees	-	133	-	133
Consulting and temporary	141,000	15,000	15,000	171,000
Dues and subscriptions	1,269	50	-	1,319
Insurance	219	220	220	659
Meetings and seminars	-	-	125	125
Professional fees	31	6,445	15	6,491
Office expense	433	1,298	433	2,164
Taxes and licenses	<u>-</u>	<u>680</u>	<u>170</u>	<u>850</u>
Total functional expenses	<u>\$ 171,406</u>	<u>\$ 28,568</u>	<u>\$ 30,191</u>	<u>\$ 230,165</u>

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

DELAWARE PROSPERITY PARTNERSHIP, INC.

STATEMENT OF CASH FLOWS

For the Period of Inception August 15, 2017 to December 31, 2017

	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received	\$ 932,300
Cash paid to suppliers and employees	<u>(127,386)</u>
Net cash provided by operating activities	804,914
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
Net increase in cash	804,914
Cash and cash equivalents – beginning of year	<u>-</u>
Cash and cash equivalents – end of year	<u><u>\$ 804,914</u></u>

Continued . . .

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

DELAWARE PROSPERITY PARTNERSHIP, INC.

STATEMENT OF CASH FLOWS – CONTINUED

For the Period of Inception August 15, 2017 to December 31, 2017

	<u>2017</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 1,077,135
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Increase in assets	
Contributions receivable	(375,000)
Increase in liabilities	
Accounts payable	<u>102,779</u>
Total adjustments	<u>(272,221)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>804,914</u></u>

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

DELAWARE PROSPERITY PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Delaware Prosperity Partnership, Inc. (the Corporation), a public – private partnership formed to leverage private sector resources to enhance business recruitment, promote entrepreneurship and innovation, support workforce development efforts, and produce forward looking analysis on economic trends to best position Delaware’s economy to grow. The Corporation is a not-for-profit organization whose mission is to lead the state of Delaware’s economic development efforts. Establishment of this corporation was a critical step to enhance the state’s ability to attract, grow and retain companies; to build a stronger entrepreneurial and innovation ecosystem; and to support private employers in identifying, recruiting, and developing talent.

The Corporation generates revenue through contributions from various private businesses in Delaware. The corporation is governed by 19 voting directors, a majority of which are appointed by the State’s Governor. The Corporation has been recognized as a component unit of the State of Delaware.

2. Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

3. Recognition of Donor Restrictions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and / or nature of 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, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and, therefore, has made no provision for Federal income taxes in the accompanying financial statements. In addition, the Corporation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the *Internal Revenue Code*.

The Corporation adopted ASC 740-10, *Income Taxes*, as it relates to uncertain tax positions. Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if a respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

6. Contributions Receivable

Contributions receivable consist of contributions from various private businesses receivable within the next year. Customer account balances with invoices dated over 90 days old are reviewed individually by management and determined whether or not the amounts are collectible. Payments of contributions receivable are allocated to the specific invoices identified on the customer’s remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Corporation uses the direct write-off method to determine uncollectible receivables. It is the opinion of the Corporation that the bad debt expense computed under this method is not materially different than it would have been if the allowance method were used. For the year ended December 31, 2017, bad debt expense was \$0.

7. Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

8. Advertising and Promotions

The Corporation expenses advertising costs as incurred. There was no advertising expense for the four months ended December 31, 2017.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Subsequent Events

The Corporation has evaluated subsequent events through June 28, 2018, which is the date the financial statements were available to be issued.

NOTE B – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were comprised of a contribution receivable related to health workforce development as of December 31, 2017.

NOTE C – LEASE COMMITMENTS

The Corporations is temporarily leasing office space from the Delaware State Chamber of Commerce, free of charge. They are currently in negotiations to formalize a lease agreement at which time they will be responsible for paying rent. The amount of contributed space for the four months ended December 31, 2017 has not been determined to be material to the financial statements and has not been included.

NOTE D – COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are various commitments and contingencies outstanding which are not reflected in these financial statements. In the opinion of management, the outcome of such events, if any, will not have a material effect on the Corporation's financial statements.

NOTE E – CONCENTRATIONS

The Corporation maintains cash balances at one financial institution located in Wilmington, Delaware. Under the general deposit insurance rules, the Federal Deposit Insurance Corporation insures all accounts up to \$250,000 per depositor. As of December 31, 2017, the uninsured balance totaled \$554,914.

Other financial instruments that potentially subject the Corporation to concentrations of credit risk consist of contributions receivable. With respect to contributions receivable, concentrations of credit risk are limited due to the composition of the contributor base.