

125th STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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TABLE OF CONTENTS

Report of Independent Certified Public Accountant	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Board of Directors
125th Street District Management Association, Inc.

Report on Financial Statements

I have audited the accompanying statement of financial position of 125th Street District Management Association, Inc. as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, of functional expenses, and of cash flows for the years 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 included the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

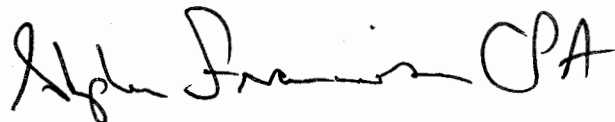
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the statement of financial position of 125th Street District Management Association, Inc. as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, of functional expenses, and of cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



City Island, New York
November 13, 2015

125th STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and cash equivalents including restricted cash of \$0 and \$715	\$ 195,546	\$ 286,862
Grant receivable - restricted	0	6,695
Prepaid expenses	<u>15,790</u>	<u>13,705</u>
Total Current Assets	<u>211,336</u>	<u>307,262</u>
Fixed Assets		
Furniture, equipment and improvements - net of accumulated depreciation of \$61,967 and \$124,199 (Note 2)	23,414	11,365
Other Assets		
Security deposits	15,935	15,935
Lease costs - net of accumulated amortization of \$13,731 and \$11,343	<u>10,149</u>	<u>12,537</u>
Total Other Assets	<u>26,084</u>	<u>28,472</u>
 Total Assets	 <u>\$ 260,834</u>	 <u>\$ 347,099</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 59,797	\$ 144,528
Accrued payroll payable	<u>5,559</u>	<u>3,622</u>
Total Current Liabilities	<u>65,356</u>	<u>148,150</u>
Net Assets		
Temporarily restricted	0	7,410
Unrestricted	<u>195,478</u>	<u>191,539</u>
Total Net Assets	<u>195,478</u>	<u>198,949</u>
 Total Liabilities and Net Assets	 <u>\$ 260,834</u>	 <u>\$ 347,099</u>

See notes to financial statements.

125th STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Support and Revenue		
BID assessments	\$ 1,005,793	\$ 947,820
Fundraising and special events	41,250	41,292
Bank interest income	162	92
Other revenue	2,365	16,333
Grant - restricted	0	6,695
Total Support and Revenue	1,049,570	1,012,232
Expenses		
Program services	848,085	781,233
Management and general	204,956	182,564
Total Expenses	1,053,041	963,797
Change in net assets	(3,471)	48,435
Net assets - Beginning of Year	198,949	150,514
Net assets - End of Year	\$ 195,478	\$ 198,949

See notes to financial statements.

125th STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

2015

	Program Services	Management & General	Total
Salaries	\$ 187,606	\$ 62,535	\$ 250,141
Payroll taxes and benefits	19,442	6,481	25,923
Sanitation	188,173	20,908	209,081
Holiday lighting	50,150	0	50,150
Fundraising - holiday lighting	8,750	0	8,750
Promotion	34,190	11,396	45,586
Rent and utilities	83,883	27,961	111,844
Telephone and internet	11,609	3,870	15,479
Postage	665	222	887
Office supplies and expenses	7,412	2,471	9,883
Professional fees	14,930	4,977	19,907
Consultants	20,916	5,229	26,145
Insurance	17,310	5,770	23,080
Public safety	201,798	22,422	224,220
Travel, meetings and conferences	385	3,463	3,848
Leased equipment and minor purchases	866	2,596	3,462
Payroll service fees	0	2,671	2,671
Other	0	10,894	10,894
Depreciation	0	8,702	8,702
Amortization	0	2,388	2,388
	<u>\$ 848,085</u>	<u>\$ 204,956</u>	<u>\$ 1,053,041</u>

2014

	Program Services	Management & General	Total
Salaries	\$ 169,090	\$ 56,364	\$ 225,454
Payroll taxes and benefits	14,666	4,889	19,555
Sanitation	174,556	19,395	193,951
Holiday lighting	64,806	0	64,806
Promotion	18,093	6,031	24,124
Rent and utilities	80,987	26,996	107,983
Telephone and internet	10,809	3,603	14,412
Postage	254	85	339
Office supplies and expenses	9,376	3,125	12,501
Professional fees	15,864	5,288	21,152
Consultants	7,533	1,883	9,416
Insurance	11,614	3,871	15,485
Public safety	202,495	22,499	224,994
Travel, meetings and conferences	182	1,640	1,822
Leased equipment and minor purchases	908	2,723	3,631
Payroll service fees	0	2,641	2,641
Other	0	12,127	12,127
Depreciation	0	7,016	7,016
Amortization	0	2,388	2,388
	<u>\$ 781,233</u>	<u>\$ 182,564</u>	<u>\$ 963,797</u>

See notes to financial statements.

125th STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities		
Change in net assets - Unrestricted	\$ (3,471)	\$ 48,435
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	8,702	7,016
Amortization	2,388	2,388
Decrease in accounts receivable	0	14,034
Decrease (increase) in grants receivable	6,695	(6,695)
(Increase) in prepaid expenses	(2,085)	(922)
(Decrease) increase in accounts payable and accrued expenses	(84,731)	50,189
Increase in accrued payroll payable	1,937	3,622
Total Cash Flows (Used In) Provided By Operating Activities	(70,565)	118,067
Cash Flows (Used In) Investing Activities		
Purchases of furniture, equipment and improvements	(20,751)	0
Total Cash Flows (Used In) Investing Activities	(20,751)	0
Net (decrease) increase in cash and cash equivalents	(91,316)	118,067
Cash and cash equivalents - Beginning of Year - including restricted cash of \$715	286,862	168,795
Cash and cash equivalents - End of Year - including restricted cash of \$0	\$ 195,546	\$ 286,862

See notes to financial statements.

125th STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 - Organization and Significant Accounting Policies

Organization

125th Street District Management Association, Inc. (the "Organization") is a New York State not-for-profit corporation whose basic purpose is to administer the activities of the New York City sponsored Business Improvement District Program (the "BID") in the central Harlem area of New York City.

The BID is a financing mechanism that provides additional funds within the BID geographical boundary for services beyond those already provided by the City. The predominant source of these funds is New York City BID assessments to property owners within the BID boundaries. In addition, as available, additional funds may be received from additional government agencies and other funding sources to supplement the Organization's activities.

The Organization is designated a District Management Association ("DMA") and is made up of a majority of property owners, commercial and residential tenants, and representatives of New York City offices.

Tax Status

The Organization is exempt from federal income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for income taxes has been made in these financial statements.

Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recorded as earned and expenses recorded as incurred.

Basis of Presentation

The Organization follows Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under FAS No. 117, Organizations are 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.

Unrestricted - represents all activity that has not been restricted by donors.

Temporarily restricted - represents donor restricted contributions whose restrictions have not been met at year end but whose restrictions are anticipated to be met in the future.

Permanently restricted - represents donor restricted assets which must remain intact. These types of assets are commonly referred to as endowment. The Organization did not have any permanently restricted net assets at year ended June 30, 2015 or 2014.

The costs of providing various programs and other activities have 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. 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.

125th STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 - Organization and Significant Accounting Policies (continued)

Contributions and Fundraising

In accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received with donor stipulations that limit the use of the assets are reported as restricted support. When a restriction expires, that is, when a stipulation time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reports in the statement of activities as net assets released from restrictions. In addition, those contributions whose restrictions lapse in the same period the contribution is made are recorded as unrestricted.

Furniture, Equipment and Improvements

Furniture, equipment and improvements are stated at cost.

Depreciation is provided for annually, based on the useful lives of the assets. Depreciation has been computed on the straight-line basis for periods of three to seven years.

Cash and Cash Equivalents

Cash and cash equivalents consists of all cash in bank accounts and any highly liquid financial instruments purchased with a maturity of three months or less.

Concentration of Revenue, Risk and Control

The Organization deposits money with credit worthy institutions that are insured with the Federal Deposit Insurance Corporation which limits the amount of coverage to \$250,000 in aggregate. During the year, it could have deposits which exceed this FDIC limit. At June 30, 2015 and 2014, the Organization did not have any uninsured balances. The BID adopted a policy at its October 2010 meeting instructing the finance committee to make ongoing recommendations to the Board on how to invest cash and cash equivalents over the amounts insured until needed.

The Organization operates in a limited geographical area. Its revenues are ultimately linked to property owners continuing to pay their BID assessments to the City of New York.

Likewise, the Organization is dependent upon future contract renewals with the City of New York, in addition to the City's timely disbursement of BID assessments. The Organization's contract with the City of New York has been extended to June 30, 2017.

October 28, 2010 the Board of Directors adopted a policy for the Finance Committee to recommend the investment policy for the BID to the Board. The approved investment policy will provide the general guidelines regarding the type of investment appropriate and the objectives of each investment. The President shall implement the Board's investment policy.

Management Estimates

The preparation of financial statements in accordance 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, results could differ from those estimates.

125th STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014

Note 2 - Fixed Assets

As of year-end, the BID's fixed assets consisted of the following:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 15,085	\$ 63,335
Furniture	17,351	17,351
Computers	52,945	54,878
Less: accumulated depreciation	<u>(61,967)</u>	<u>(124,199)</u>
 Total fixed assets at year-end	 <u>\$ 23,414</u>	 <u>\$ 11,365</u>

During the year, the Organization contributed two street cleaning machines which are fully depreciated. The donation was made to a strategic partner which has been providing free space for the Organization's sanitation workers.

Note 3 - Lease Commitment

The organization has relocated as of October 1, 2009 to 360 West 125th Street, New York City. Estimated projected future annual minimum rental are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2016	101,206
June 30, 2017	103,736
June 30, 2018	106,329
June 30, 2019	108,988
to September 30, 2019 (3 months)	27,414

Office equipment leases are not considered material.

Note 4 - Other Commitments

At years ended June 30, 2015 and 2014, the BID contracted for its annual sanitation at a cost of approximately \$17,425 per month. For the year ended June 30, 2016, budgeted costs are anticipated to be \$218,000.

The Organization also had a Public Safety commitment for the years ended June 30, 2015 and June 30, 2014 of approximately \$224,000 and \$225,000, respectively. For the year ended June 30, 2016, estimated costs are anticipated to be approximately the same.

Note 5 - Compensated Absences

Vacation and sick pay are considered expenditures in the year paid. Upon termination, an employee is compensated for any accrued but unpaid vacation pay. At year-end June 30, 2015 and 2014, there was no liability.

125th STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 6 - Fundraising and Special Events

Special events could include community service oriented projects such as summer concerts, special business meetings and outreach activities. There were no special events in years ending June 30, 2015 and 2014.

Note 7 - Management's Review

In preparing the financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through December 21, 2015, the date that the financial statements were available to be issued.