

**82ND STREET DISTRICT MANAGEMENT
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

82ND STREET DISTRICT MANAGEMENT ASSOCIATION INC.

JUNE 30, 2014 AND 2013

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
82nd Street District Management Association, Inc.**

We have audited the accompanying financial statements of 82nd Street District Management Association, Inc., which comprise the statement of financial position as of June 30, 2014 and 2013 and the related statements of activities and 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 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 from 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 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, 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.



MUHLSTOCK & ASSOCIATES, CPA'S, PLLC

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 82nd Street District Management Association, Inc. and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Muhlstock & Associates CPA'S, PLLC

New York, New York
November 19, 2014

82ND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS

	2014	2013
Current assets		
Cash and cash equivalents	\$ 29,355	\$ 50,075
Accounts receivable	11,986	5,179
Prepaid expenses	3,056	2,856
Total current assets	44,397	58,110
Fixed assets - net	6,150	9,623
Security deposit - rent	1,200	1,200
Total assets	\$ 51,747	\$ 68,933

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 9,725	\$ 8,798
Accrued expenses	4,750	4,400
Deposits payable	1,900	6,400
Deferred income	500	-
Payroll taxes payable	3,409	761
Total current liabilities	20,284	20,359
Net assets		
Unrestricted	31,463	48,574
Total liabilities and fund balance	\$ 51,747	\$ 68,933

See independent auditors' report and notes to the financial statements

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,**

	<u>2014</u>	<u>2013</u>
Revenue		
Assessments	\$ 224,450	\$ 224,450
Interest income	70	124
Grant income	87,264	84,456
Sponsorships	<u>26,793</u>	<u>3,263</u>
Total revenue	<u>338,577</u>	<u>312,293</u>
 Expenses		
Program services		
Sanitation and graffiti removal	92,732	77,489
Marketing and public events	37,271	12,232
Holiday promotion	11,486	4,463
Streetscape beautification	7,123	7,501
Special projects	<u>51,874</u>	<u>58,866</u>
Total program services	<u>200,486</u>	<u>160,551</u>
 Supporting services		
Salaries	105,094	90,888
Payroll taxes and fringe benefits	10,090	14,129
Rent and real estate tax	17,450	15,901
Office expenses and supplies	1,813	1,758
Telephone	3,029	2,460
Professional fees	4,720	6,250
Meeting expenses	512	885
Insurance	5,392	3,087
Depreciation	3,473	3,424
Computer and website	-	442
Copy lease expense	<u>3,629</u>	<u>3,157</u>
Total supporting services	<u>155,202</u>	<u>142,381</u>
 Total expenses	<u>355,688</u>	<u>302,932</u>
 Change in net assets	(17,111)	9,361
 Net assets - beginning of year	<u>48,574</u>	<u>39,213</u>
 Net assets - end of year	<u>\$ 31,463</u>	<u>\$ 48,574</u>

See independent auditors' report and notes to the financial statements

82ND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

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	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ (17,111)	\$ 9,361
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	3,473	3,424
(Increase) decrease in assets		
Accounts receivable	(6,807)	(5,179)
Prepaid expenses	(200)	1,457
Purchase of fixed assets	-	(420)
Increase (decrease) in liabilities		
Deposits payable	(4,500)	6,400
Accounts payable and payroll taxes	<u>4,425</u>	<u>1,708</u>
Total adjustments	<u>(3,609)</u>	<u>7,390</u>
Net cash provided by (used in) operating activities	(20,720)	16,751
Cash and cash equivalents - beginning of year	<u>50,075</u>	<u>33,324</u>
Cash and cash equivalents - end of year	<u>\$ 29,355</u>	<u>\$ 50,075</u>

See independent auditors' report and notes to the financial statements

82ND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 DESCRIPTION OF ORGANIZATION

The 82nd Street District Management Association, Inc. (the "Organization") was incorporated in 1990. The Organization obtained tax exempt status under section 501(c)(3) of the Internal Revenue Code. The Organization was formed to engage in promotion of business activities and general welfare of the neighborhood.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described as follows to enhance the usefulness of the financial statements to the reader:

Basis of presentation

The financial statements for the Organization have been prepared on the accrual basis, and accordingly, reflect all significant receivables, payables, and other liabilities.

Accounting Standards Codification

The Financial Accounting Standards Board (FASB) has issued FASB Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*, effective for periods ending after September 15, 2009. This Statement establishes the FASB Accounting Standards Codification (ASC) as the single source of authoritative U.S. generally accepted accounting and reporting standards for nongovernmental entities, and these financial statements are referenced accordingly.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Volunteers provide gratuitous service to the Organization. Due to the difficulty in measuring the fair market value of these services, they are not recorded as a contribution or expense.

See independent auditors' report

82ND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

The carrying amount of the Organization's cash, accounts receivable, and accounts payable approximate their fair value due to the short-term nature of such instruments.

Liquidity

Management believes cash on hand, availability on its revolving line of credit, and an ability to control expenditures provides the Organization with sufficient liquidity to continue as a going concern.

Financial Statement Presentation

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. There are no restricted funds applicable to this Organization.

Concentration of credit risk

The Organization maintains various accounts at commercial banks. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts and does not believe it is exposed to significant credit risk on cash and cash equivalents.

NOTE 3 INCOME TAXES

The Organization qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code of 1986 (IRC), and is not taxed on income derived from its exempt functions.

See independent auditors' report

**82ND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 4 CASH AND CASH EQUIVALENTS

Cash in banks and on hand at June 30, 2014 are as follows:

General Funds - Checking account	\$ 3,454
General Funds - Money market account	25,851
Petty cash	<u>50</u>
 Total cash and cash equivalents	 <u>\$ 29,355</u>

Cash equivalent is defined as a highly liquid investment having a maturity value of three months or less.

NOTE5 FIXED ASSETS

Property and equipment are recorded at cost of acquisition. Major additions and improvements are capitalized, and routine expenditures for repairs and maintenance are charged to expense as incurred. Fully depreciated assets are carried on the books until the date of disposal. Depreciation is computed using the straight-line method or the modified accelerated cost recovery system over the estimated useful life of five years.

Fixed assets after the related depreciation are comprised of:

	2014	2013
Equipment	\$ 3,636	\$ 3,636
Trash receptacles	<u>13,980</u>	<u>13,980</u>
	17,616	17,616
Less: Accumulated depreciation	<u>11,466</u>	<u>7,993</u>
 Total fixed assets	 <u>\$ 6,150</u>	 <u>\$ 9,623</u>

NOTE 6 GRANT INCOME

During the year ended June 30, 2014, the Organization received grants from several departments of the City of New York. The grants are being used to fund special projects of the BID.

See independent auditors' report

82ND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 7 COMMITMENTS AND CONTINGENCIES

The Organization renewed their office space lease in January 2009 under an operating lease expiring on December 31, 2018. Minimum future rental under the lease is summarized as follows:

<u>Years Ending June 30</u>	<u>Minimum - Future Rental Payments</u>
2013 - 2018	<u>\$ 78,300</u>

Under the terms of lease, the Organization is obligated to pay the pro rata share of increase in real estate taxes and water and sewer rent over the base year.

NOTE 8 SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the Organization has reviewed events that have occurred after June 30, 2014, through the date of issuance of these financial statements on November 19, 2014. During this period, the Organization did not have any material subsequent events that are required to be disclosed in the financial statements.

See independent auditors' report