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March 4, 2013

To Management and Board of Directors  
Belmont District Management Association Inc.  
PO Box 580-203  
Mt. Carmel Station  
Bronx, NY 10458

In planning and performing my audit of the financial statements of Belmont District Management Association Inc. as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, I considered Belmont District Management Association Inc.'s internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that, there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

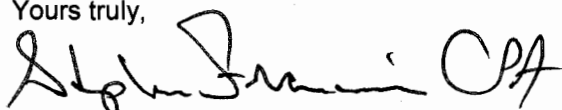
My consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. At the conclusion of my audit, I communicated the following issues I encountered in performing the audit:

- Minutes of meetings are not always approved at subsequent meetings.
- A process of reporting receipts and approving disbursements needs to be formalized in writing.
- Internal bookkeeping including postings and reconciliations were not always accurate.
- Individual event revenue and related expenses need to be reconciled general ledger accounts.
- 

These matters could cause the Organization to experience an ongoing deficient financial reporting process which could hinder management and the Board in dispensing each of its duties. In discussing the foregoing observations with the Board at our exit conference on February 19, 2013, the Board noted its responsibility to approve minutes of prior meetings and management had already secured another CPA firm for its ongoing accounting services.

This communication is intended solely for the information and use of management and the Board, and is not intended and should not be used by anyone other than these specified parties.

Yours truly,



STEPHEN FRANCIOSA CPA

**BELMONT DISTRICT MANAGEMENT  
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS  
JUNE 30, 2012**

BELMONT DISTRICT MANAGEMENT ASSOCIATION, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2012

TABLE OF CONTENTS

Report of Independent Certified Public Accountant	1
Financial Statements	
Statement of Net Assets	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

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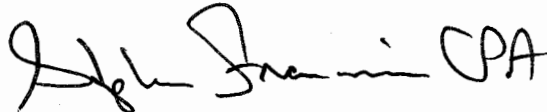
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Board of Directors  
Belmont District Management Association, Inc.

I have audited the accompanying statement of net assets of Belmont District Management Association, Inc. as of June 30, 2012 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Belmont District Management Association, Inc., as of June 30, 2012, and the results of its activities and changes in net assets, of its functional expenses and of its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



City Island, New York  
January 22, 2013

BELMONT DISTRICT MANAGEMENT ASSOCIATION, INC.  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

ASSETS

	2012
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 182,001
Prepaid expenses	16,000
Prepaid insurance	2,239
<b>TOTAL CURRENT ASSETS</b>	<b>200,240</b>
<b>FIXED ASSETS</b>	
Equipment, net of accumulated depreciation of \$592	11,240
BID startup costs, net of accumulated amortization of \$5,398	12,596
L/H Improvements, net of accumulated amortization of \$214	1,923
Organization costs, net of accumulated amortization of \$848	565
<b>TOTAL FIXED ASSETS</b>	<b>26,324</b>
<b>OTHER ASSETS</b>	
Security Deposit	3,000
<b>TOTAL OTHER ASSETS</b>	<b>3,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 229,564</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 19,756
<b>TOTAL CURRENT LIABILITIES</b>	<b>19,756</b>
<b>NET ASSETS - UNRESTRICTED</b>	
	<b>209,808</b>
<b>TOTAL NET ASSETS</b>	<b>209,808</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 229,564</b>

See notes to financial statements.

BELMONT DISTRICT MANAGEMENT ASSOCIATION, INC.  
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2012

	2012
REVENUE	
BID assessments	\$ 340,000
NYC Grant - including prior year	59,500
Interest	2,852
Events and other income	39,084
TOTAL REVENUE	441,436
EXPENSES	
Program services	448,523
Supporting services, management and general	69,654
TOTAL EXPENSE	518,177
CHANGE IN UNRESTRICTED NET ASSETS	(76,741)
NET ASSETS - UNRESTRICTED - JULY 1, 2011	286,549
NET ASSETS - UNRESTRICTED - JUNE 30, 2012	\$ 209,808

See notes to financial statements.

BELMONT DISTRICT MANAGEMENT ASSOCIATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012

	2012		
	Program Services	Supporting Services, Management and General	Total
Administrative consultant	\$ 71,596	\$ 0	\$ 71,596
Payroll, taxes and fringes	0	7,412	7,412
Holiday lights	33,475	0	33,475
Business promotion and advertising	170,500	0	170,500
Telephone	0	255	255
Office supplies and expenses	0	25,001	25,001
Audit and accounting	0	9,750	9,750
Insurance	0	5,831	5,831
Amortization	0	2,296	2,296
Depreciation	0	592	592
Sanitation	36,498	0	36,498
Security services	24,762	0	24,762
Bank charges	0	352	352
Computer expense	0	596	596
Dues and subscriptions	0	5,000	5,000
Rent expense	23,000	0	23,000
Entertainment	0	6,287	6,287
Party rentals	610	0	610
Streetscape, surveys and research	83,857	0	83,857
Website maintenance	0	4,700	4,700
Postage and mailing service	0	76	76
Landscaping	4,225	0	4,225
Repairs	0	1,506	1,506
<b>TOTAL EXPENSES</b>	<b>\$ 448,523</b>	<b>\$ 69,654</b>	<b>\$ 518,177</b>

See notes to financial statements.

BELMONT DISTRICT MANAGEMENT ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012

	2012
Cash Flows From Operating Activities:	
Change in unrestricted net assets	\$ (76,741)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Amortization and depreciation	2,888
(Increase) in prepaid expenses	(7,599)
(Increase) in prepaid insurance	(470)
(Increase) in security deposits	(3,000)
Increase in accounts payable and accrued expenses	3,358
Net Cash Applied to Operating Activities	(81,564)
Cash Flows From Investing Activities:	
Purchase of fixed assets	(13,968)
Net Cash Applied to Investing Activities	(13,968)
Net decrease in cash	(95,532)
Cash - July 1, 2011	277,533
Cash - June 30, 2012	\$ 182,001

See notes to financial statements.



BELMONT DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

Note 1- Organization and Significant Accounting Policies

Belmont District Management Association, Inc. ("Association") was formed December 1, 2008 under the New York Not-for-Profit Corporation Law for the purpose of promoting the general welfare of the people in the Business Improvement District ("BID"). The BID, located in the Bronx, New York, is known as the Belmont Business Improvement District. BID assessments collected by the City of New York are the Association's principal source of revenue.

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, Organization's 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, even though its use may be limited in other respects, such as by City contract or by Board of Directors designation.

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. The Organization did not have any temporarily restricted net assets during June 30, 2012.

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 during June 30, 2012.

Additionally, expenses are required to be classified by functional activities.

Revenue Recognition

BID assessment revenues and the related receivables are recorded when the Association is legally entitled to receive the assessments from the City of New York, pursuant to its contract with the City.

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.

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.

BELMONT DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

Note 1- Organization and Significant Accounting Policies (continued)

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, currently, to \$250,000 in aggregate. During the year, it could have deposits which exceed this FDIC limit. At June 30, 2012, the Organization did not exceed the limit.

The Association 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 Association is dependent upon future contract renewals with the City of New York, in addition to the City's timely disbursements of BID assessments.

Fixed Assets

Fixed assets are stated at cost and are being depreciated and amortized over their estimated useful lives.

Consulting Expenses

The Belmont DMA has expended significant effort through studies and surveys of its district. While the related expenditures are expected to benefit the DMA well into the future, management has elected to recognize such expenses as incurred.

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.

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.

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.

Note 2- BID Assessment Receivable

The Association's new contract with the City of New York Department of Business Services commenced July 1, 2009 and expires June 30, 2014. NYC currently disburses annual assessments in two installments per fiscal year, half in July and the remaining half in January. As a result, there is no assessment receivable at June 30, 2012.

BELMONT DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**Note 3- Rent Commitment**

Belmont DMA entered into a sublease with The Belmont Society for Arts and Culture, Inc. (BSAC) for office space at 602 East 187<sup>th</sup> Street, Bronx, New York. The term of the lease is from December 1, 2011 to November 30, 2021. The lease is for \$2,000 per month, with \$12,000 payable semi-annually, on December 1 and June 1. The sublease cannot be terminated before May 31, 2013 and is subject to the terms of the master lease between BSAC and Portia Properties III, LLC. In conjunction with this sublease the Belmont DMA made a security deposit payment of \$3,000 at inception.

**Note 4- Other Commitments**

As of August 2012, the BID contracted for its annual sanitation at a cost of approximately \$5,800 per month.

**Note 5- Compensated Absences**

Vacation and sick pay are concluded by year end. Accordingly, at year end there are no unpaid expenses.

**Note 6- Date of Management's Review**

In preparing the financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through February 19, 2013, the date that the financial statements were approved for issuance.