

**BELMONT DISTRICT
MANAGEMENT ASSOCIATION**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2017



Skody Scot & Company, CPAs, P.C.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Belmont District Management Association

We have audited the accompanying financial statements of Belmont District Management Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year 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.

Auditor's 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 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.

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 Belmont District Management Association as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Skody Scot & Company, CPAs, P.C.

New York, NY
September 20, 2017

BELMONT DISTRICT MANAGEMENT ASSOCIATION

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BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 176,215
Grants and other receivables	45,598
Prepaid expenses	42,743
Property and equipment, net	2,137
Intangible assets, net	9,888
Security deposits	3,000
	<hr/>
Total assets	\$ 279,581
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LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 31,793
Total liabilities	<hr/> 31,793
Commitments and contingencies (see notes)	
Net Assets:	
Unrestricted	247,788
Temporarily restricted	-
Permanently restricted	-
	<hr/>
Total net assets	247,788
	<hr/>
Total liabilities and net assets	\$ 279,581
	<hr/> <hr/>

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Support and Revenues:

Unrestricted:		
Assessment revenue	\$	440,000
Program service revenue		88,704
Government grants		43,500
Interest income		998
Total support and revenues		<u>573,202</u>

Expenses:

Program Expenses:		
Marketing and promotion		219,738
Security		78,575
Sanitation		57,437
Total program expenses		<u>355,750</u>
Supporting Services:		
Management and general		160,790
Total expenses		<u>516,540</u>

Increase/(Decrease) In Net Assets:

Unrestricted		56,662
Temporarily restricted		-
Permanently restricted		-
Increase/(decrease) in net assets		<u>56,662</u>

Net assets, beginning of year		<u>191,126</u>
Net assets, end of year	\$	<u><u>247,788</u></u>

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

Cash Flows From Operating Activities:	
Increase/(decrease) in net assets	\$ 56,662
Adjustments for non-cash items included in operating activities:	
Depreciation and amortization	21,914
Loss on asset impairment	6,866
Changes in assets and liabilities:	
Grants and other receivables	(38,148)
Prepaid expenses	(31,339)
Accounts payable and accrued expenses	11,871
Net cash provided/(used) by operating activities	<u>27,826</u>
Cash Flows From Investing Activities:	
Purchase of property and equipment	(4,622)
Purchase of intangible assets	(19,777)
Net cash provided/(used) by investing activities	<u>(24,399)</u>
Cash Flows From Financing Activities	
	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	3,427
Cash and cash equivalents at beginning of year	<u>172,788</u>
Cash and cash equivalents at end of year	<u><u>\$ 176,215</u></u>

See accompanying notes to the financial statements.

BELMONT DISTRICT MANAGEMENT ASSOCIATION NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Association

Belmont District Management Association (Association), a not-for-profit organization, was incorporated in the State of New York on August 25, 2009. The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Association does not believe its financial statements contain any uncertain tax positions. The Association primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the Belmont Business Improvement District (BID). The BID's boundaries are approximately from East Fordham Road to East 184th Street and from Southern Boulevard to Lorillard Place.

The Association's programs include the following: Marketing & Promotion - promoting the district to residents and tourists and to retain and develop prospective businesses; Security - providing increased public security and general assistance through a combination of uniformed security officers and a working relationship with the New York City Police Department; and Sanitation - maintaining clean streets/curbs/sidewalks, garbage removal, and minor public improvements.

Basis of Accounting

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

Basis of Presentation

In accordance with GAAP the Association is 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. In addition, the Association is required to present a statement of cash flows.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Property, Equipment and Intangibles Assets

The Association capitalizes certain property, equipment and intangible assets with estimated lives of two years or more. Property, equipment and intangible assets are stated at cost, less accumulated depreciation. Depreciation and amortization is computed by the straight-line method over estimated useful lives ranging from two to seven years. Leasehold improvements are amortized by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Revenue Recognition

The real estate assessment levied by the City is recorded by the Association when earned. The City remits these assessments to the Association in two installments. An allowance for doubtful accounts is not provided because all assessments are received in the current year. Assessment billing errors are recorded as a direct reduction of assessment revenue. Any significant discrepancies due to changes in total amount assessed are recorded as a receivable on the statement of financial position.

Program service revenue relates to fees received in exchange for program services. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

Contributions are considered available for the Association's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Association received several grants from governmental agencies. In accordance with the grant provisions, the Association either receives grant funds following the disbursement of approved expenses or is authorized to receive funds in advance of anticipated expenditures. All unreimbursed expenses as of period-end are recorded as grant receivables and all advanced funds not expended are recorded as either refundable advances or deferred income.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For the purposes of the statement of financial position and the statement of cash flows, the Association considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposits and treasury bills, with an original maturity of three months or less.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated based on estimated usage. The Association classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable grants.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2017:

Checking	\$ 32,952
Money market funds	<u>143,263</u>
	<u>\$ 176,215</u>

Note 3 - Concentrations

The Association maintains its cash in various accounts. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balances of the accounts may have exceeded the limits during the year ended June 30, 2017.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

Note 4 - Government Grants

During the years ended June 30, 2017, the Association was awarded various grants by governmental entities. Total expenses expended under the grants amounted to \$43,500.

Note 5 - Property, Equipment and Intangible Assets

Property, equipment and intangible assets by major class consisted of the following at June 30, 2017:

Equipment	\$ 11,833
Furniture and fixtures	4,621
Leasehold improvements	2,136
BID startup costs	19,408
Mural	19,777
Less: Accumulated depreciation and amortization	<u>(45,750)</u>
	<u>\$ 12,025</u>

Note 6 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through September 20, 2017, which is the date the financial statements were available to be issued.



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of
Belmont District Management Association

We have audited the financial statements of Belmont District Management Association as of and for the year ended June 30, 2017, and have issued our report thereon dated September 20, 2017, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses, and expenses and budget are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Skody Scot & Company, CPAs, PC

New York, NY
September 20, 2017

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2017**

	Program Expenses			Supporting Services		
	Marketing and Promotion	Security	Sanitation	Total Program Expenses	Management and General	Total Expenses
Personnel Costs:						
Executive salaries	\$ 60,103	\$ 9,247	\$ 9,247	\$ 78,597	\$ 11,326	\$ 89,923
Staff Salaries	23,735	-	-	23,735	22,769	46,504
Payroll taxes	6,851	755	755	8,361	2,429	10,790
Consultants and contractors	3,684	68,573	47,281	119,538	13,843	133,381
Total personnel costs	<u>94,373</u>	<u>78,575</u>	<u>57,283</u>	<u>230,231</u>	<u>50,367</u>	<u>280,598</u>
Direct expenses:						
Depreciation and amortization	9,889	-	-	9,889	12,025	21,914
Equipment	-	-	-	-	3,662	3,662
Event costs	41,044	-	-	41,044	-	41,044
Holiday lights	37,320	-	-	37,320	-	37,320
Insurance	2,700	-	-	2,700	4,145	6,845
Office supplies and expenses	16	-	154	170	15,716	15,886
Postage and delivery	-	-	-	-	869	869
Printing and reproduction	14,670	-	-	14,670	11,687	26,357
Professional fees	-	-	-	-	17,583	17,583
Promotion	19,726	-	-	19,726	-	19,726
Rent	-	-	-	-	24,990	24,990
Telephone and communications	-	-	-	-	7,300	7,300
Travel and meetings	-	-	-	-	91	91
Website design & maintenance	-	-	-	-	3,606	3,606
Utilities	-	-	-	-	1,883	1,883
Loss on impairment	-	-	-	-	6,866	6,866
Total direct expenses	<u>125,365</u>	<u>-</u>	<u>154</u>	<u>125,519</u>	<u>110,423</u>	<u>235,942</u>
Total expenses	<u>\$ 219,738</u>	<u>\$ 78,575</u>	<u>\$ 57,437</u>	<u>\$ 355,750</u>	<u>\$ 160,790</u>	<u>\$ 516,540</u>

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2017**

	<u>Total Expenses</u>	<u>Budget</u>
Executive salaries	\$ 89,923	\$ 90,000
Staff salaries	46,504	46,000
Payroll taxes	10,790	5,400
Consultants and contractors	133,381	110,640
Depreciation and amortization	21,914	25,000
Equipment	3,662	25,000
Event costs	41,044	57,661
Holiday lights	37,320	32,800
Insurance	6,845	4,300
Office supplies and expenses	15,886	15,570
Postage and delivery	869	1,400
Printing and reproduction	26,357	17,000
Professional fees	17,583	8,500
Promotion	19,726	55,000
Rent	24,990	24,000
Telephone and communications	7,300	5,646
Travel and meetings	91	150
Website design & maintenance	3,606	-
Utilities	1,883	2,400
Loss on impairment	6,866	-
Total expenses	<u>\$ 516,540</u>	<u>\$ 526,467</u>