

**BELMONT DISTRICT
MANAGEMENT ASSOCIATION**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2019 AND 2018

BELMONT DISTRICT MANAGEMENT ASSOCIATION

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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 statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, expenses 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years 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 26, 2019

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 241,837	\$ 236,923
Grants and other receivables	17,240	13,238
Prepaid expenses	7,649	15,692
Security deposits	3,000	3,000
	\$ 269,726	\$ 268,853

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 27,137	\$ 13,377
Deferred revenue	800	-
Total liabilities	27,937	13,377
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	241,789	255,476
With donor restrictions	-	-
Total net assets	241,789	255,476
Total liabilities and net assets	\$ 269,726	\$ 268,853

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 440,000	\$ 440,000
Program service revenue	89,591	85,984
Government grants and contracts	86,699	87,500
Contributions	48,895	14,073
Interest & other income	1,166	1,907
Total support and revenues	666,351	629,464
Expenses:		
Program Expenses:		
Marketing and promotion	311,494	310,402
Security	111,236	97,313
Sanitation	73,795	70,886
Total program expenses	496,525	478,601
Supporting Services:		
Management and general	183,513	143,175
Total expenses	680,038	621,776
Increase/(Decrease) In Net Assets:		
Without donor restrictions	(13,687)	7,688
With donor restrictions	-	-
Increase/(decrease) in net assets	(13,687)	7,688
Net assets, beginning of year	255,476	247,788
Net assets, end of year	\$ 241,789	\$ 255,476

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Expenses			Total Program Expenses	Supporting Services	
	Marketing and Promotion	Security	Sanitation		Management and General	Total Expenses
Personnel Costs:						
Executive salaries	\$ 58,356	\$ 8,978	\$ 8,978	\$ 76,312	\$ 13,467	\$ 89,779
Staff salaries	31,662	-	-	31,662	21,107	52,769
Payroll taxes	7,016	700	700	8,416	2,694	11,110
Consultants and contractors	4,592	101,558	64,117	170,267	7,740	178,007
Total personnel costs	<u>101,626</u>	<u>111,236</u>	<u>73,795</u>	<u>286,657</u>	<u>45,008</u>	<u>331,665</u>
Direct expenses:						
Equipment	-	-	-	-	7,421	7,421
Event costs	94,428	-	-	94,428	-	94,428
Holiday lights	38,370	-	-	38,370	-	38,370
Insurance	3,466	-	-	3,466	3,879	7,345
Office supplies and expenses	-	-	-	-	14,650	14,650
Postage and delivery	-	-	-	-	369	369
Printing and reproduction	15,480	-	-	15,480	2,130	17,610
Professional fees	-	-	-	-	69,515	69,515
Promotion	58,124	-	-	58,124	-	58,124
Rent	-	-	-	-	28,480	28,480
Telephone and communications	-	-	-	-	6,585	6,585
Travel and meetings	-	-	-	-	781	781
Website design & maintenance	-	-	-	-	3,278	3,278
Utilities	-	-	-	-	1,417	1,417
Total direct expenses	<u>209,868</u>	<u>-</u>	<u>-</u>	<u>209,868</u>	<u>138,505</u>	<u>348,373</u>
Total expenses	<u>\$ 311,494</u>	<u>\$ 111,236</u>	<u>\$ 73,795</u>	<u>\$ 496,525</u>	<u>\$ 183,513</u>	<u>\$ 680,038</u>

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2018**

	Program Expenses			Total Program Expenses	Supporting Services	Total Expenses
	Marketing and Promotion	Security	Sanitation		Management and General	
Personnel Costs:						
Executive salaries	\$ 58,806	\$ 9,047	\$ 9,047	\$ 76,900	\$ 13,571	\$ 90,471
Staff salaries	29,864	-	-	29,864	19,910	49,774
Payroll taxes	7,885	804	804	9,493	3,248	12,741
Consultants and contractors	3,552	87,462	61,035	152,049	5,026	157,075
Total personnel costs	<u>100,107</u>	<u>97,313</u>	<u>70,886</u>	<u>268,306</u>	<u>41,755</u>	<u>310,061</u>
Direct expenses:						
Depreciation and amortization	9,888	-	-	9,888	2,137	12,025
Equipment	-	-	-	-	17,345	17,345
Event costs	55,287	-	-	55,287	-	55,287
Holiday lights	38,370	-	-	38,370	-	38,370
Insurance	-	-	-	-	3,386	3,386
Office supplies and expenses	-	-	-	-	13,912	13,912
Postage and delivery	-	-	-	-	421	421
Printing and reproduction	10,735	-	-	10,735	1,045	11,780
Professional fees	-	-	-	-	28,215	28,215
Promotion	96,015	-	-	96,015	-	96,015
Rent	-	-	-	-	25,920	25,920
Telephone and communications	-	-	-	-	5,660	5,660
Travel and meetings	-	-	-	-	456	456
Website design & maintenance	-	-	-	-	1,175	1,175
Utilities	-	-	-	-	1,748	1,748
Total direct expenses	<u>210,295</u>	<u>-</u>	<u>-</u>	<u>210,295</u>	<u>101,420</u>	<u>311,715</u>
Total expenses	<u>\$ 310,402</u>	<u>\$ 97,313</u>	<u>\$ 70,886</u>	<u>\$ 478,601</u>	<u>\$ 143,175</u>	<u>\$ 621,776</u>

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (13,687)	\$ 7,688
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	-	12,025
Changes in assets and liabilities:		
Grants and other receivables	(4,002)	32,360
Prepaid expenses	8,043	27,051
Accounts payable and accrued expenses	13,760	(18,416)
Deferred revenue	800	-
Net cash provided/(used) by operating activities	<u>4,914</u>	<u>60,708</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	4,914	60,708
Cash and cash equivalents at beginning of year	<u>236,923</u>	<u>176,215</u>
Cash and cash equivalents at end of year	<u><u>\$ 241,837</u></u>	<u><u>\$ 236,923</u></u>
Supplementary Information:		
Retirement of fully depreciated assets	<u><u>\$ 41,321</u></u>	<u><u>\$ -</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.

Change in Accounting Principle

In 2018, the Association adopted all reporting changes required under FASB ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, all amounts on the fiscal year 2019 and fiscal year 2018 financial statements have been reclassified to conform to the new presentation requirements. All required disclosures have been incorporated and included on the accompanying financial statements and in these notes.

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.

Cash Equivalents

For the purposes of the statements of financial position and the statements 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions that are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

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.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Association allocates salaries based on estimated time and other expenses such as rent, office expenses and telephone are allocated based on 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

All contributions are considered available for the Organization'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 support with donor restrictions and increases in the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Checking	\$ 16,852	\$ 56,052
Money market funds	<u>224,985</u>	<u>180,871</u>
	<u>\$ 241,837</u>	<u>\$ 236,923</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 years ended June 30, 2019 and 2018.

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

Note 4 - Property, Equipment and Intangible Assets

Property, equipment and intangible assets by major class consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 11,833	\$ 11,833
Furniture and fixtures	4,621	4,621
Leasehold improvements	-	2,136
BID startup costs	-	19,408
Mural	-	19,777
Less: Accumulated depreciation and amortization	<u>(16,454)</u>	<u>(57,775)</u>
	<u>\$ -</u>	<u>\$ -</u>

During the year ended June 30, 2019, assets totaling \$41,321 were fully depreciated and removed from the books.

Note 5 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of June 30, 2019 and 2018, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 241,837	\$ 236,923
Grants and other receivables	<u>17,240</u>	<u>13,238</u>
Total financial assets	259,077	250,161
Less those unavailable for general Expenditures within one year	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 259,077</u>	<u>\$ 250,161</u>

Note 6 - Government Grants

During the years ended June 30, 2019 and 2018, the Association was awarded various grants by governmental entities. Total expenses expended under the grants amounted to \$86,699 and \$87,500 for the years ended June 30, 2019 and 2018, respectively.

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

Note 7 – Commitments and Contingencies

The Association leases office space under a noncancellable operating lease. As of June 30, 2019, the minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2020	\$24,000
2021	24,000
2022	10,000

Total rent and related expense charged to operations for the years ended June 30, 2019 and 2018 was \$28,480 and \$25,920, respectively.

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through September 26, 2019, which is the date the financial statements were available to be issued.



Skody Scot & Company, CPAs, P.C.

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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 years ended June 30, 2019 and 2018, and have issued our report thereon dated September 26, 2019, 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 schedule of 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 26, 2019

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2019**

	Total Expenses	Budget
Executive salaries	\$ 89,779	\$ 91,000
Staff salaries	52,769	50,000
Payroll taxes	11,110	10,438
Consultants and contractors	178,007	184,213
Equipment	7,421	5,500
Event costs	94,428	113,617
Holiday lights	38,370	38,370
Insurance	7,345	5,000
Office supplies and expenses	14,650	17,420
Postage and delivery	369	1,000
Printing and reproduction	17,610	3,300
Professional fees	69,515	13,500
Promotion	58,124	80,830
Occupancy	28,480	26,400
Telephone and communications	6,585	6,175
Travel and meetings	781	100
Website design & maintenance	3,278	1,500
Utilities	1,417	2,000
Total expenses	\$ 680,038	\$ 650,363