

Central Fulton Street District Management Association, Inc.

Financial Statements

June 30, 2012

and

June 30, 2011

Central Fulton Street District Management Association, Inc.

June 30, 2012

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Independent Auditor's Report

The Board of Directors
Central Fulton Street District Management Association, Inc.
Brooklyn, New York

We have audited the accompanying statements of financial position of the **Central Fulton Street District Management Association, Inc.** (a not-for-profit organization) as of **June 30, 2012 and 2011**, and the related statements of activities, cash flows, and functional expenses for the fiscal years then ended. These financial statements are the responsibility of the organization's management. 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 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. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Central Fulton Street District Management Association, Inc.** as of **June 30, 2012 and 2011**, and the changes in nets assets and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of functional expenses on pages 5 and 6 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bauer and Colabella, LLP
Brooklyn, New York
December 3, 2012

Bauer and Colabella, LLP

Central Fulton Street District Management Association, Inc.
(a not-for-profit organization)
Statements of Financial Position
June 30, 2012 and 2011

Assets

| | <u>June 30, 2012</u> | <u>June 30, 2011</u> |
|---------------------------------|-----------------------------|-----------------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 146,063 | \$ 177,038 |
| Accounts receivable | 9,555 | - |
| Prepaid expenses | <u>1,610</u> | <u>1,610</u> |
| Total current assets | <u>157,228</u> | <u>178,648</u> |
| Depreciable assets: | | |
| Computer equipment | 3,606 | - |
| Less: Accumulated depreciation | <u>(401)</u> | <u>-</u> |
| Total depreciable assets | <u>3,205</u> | <u>-</u> |
| Other assets: | | |
| Security deposits | <u>250</u> | <u>-</u> |
| Total other assets | <u>250</u> | <u>-</u> |
| Total assets | <u><u>\$ 160,683</u></u> | <u><u>\$ 178,648</u></u> |

Liabilities and Net Assets

| | | |
|---|--------------------------|--------------------------|
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 29,637 | \$ 80,094 |
| Total liabilities | <u>29,637</u> | <u>80,094</u> |
| Net Assets: | | |
| Unrestricted | 131,046 | 98,554 |
| Temporarily restricted | - | - |
| Permanently restricted | <u>-</u> | <u>-</u> |
| Total net assets | <u>131,046</u> | <u>98,554</u> |
| Total liabilities and net assets | <u><u>\$ 160,683</u></u> | <u><u>\$ 178,648</u></u> |

See accompanying notes to financial statements

Central Fulton Street District Management Association, Inc.
(a not-for-profit organization)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2012
(with comparative totals for the Year Ended June 30, 2011)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total 2012</u> | <u>Total 2011</u> |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| Support and Revenue: | | | | | |
| BID assessments-NYCDSBS | \$ 298,921 | \$ - | \$ - | \$ 298,921 | \$ 300,000 |
| Grants and contributions | 29,765 | - | - | 29,765 | 9,553 |
| Total support and revenue | <u>328,685</u> | <u>-</u> | <u>-</u> | <u>328,685</u> | <u>309,553</u> |
| Expenses: | | | | | |
| Program services | 180,356 | - | - | 180,356 | 160,923 |
| Management and general | 115,837 | - | - | 115,837 | 109,029 |
| Total expenses | <u>296,193</u> | <u>-</u> | <u>-</u> | <u>296,193</u> | <u>269,952</u> |
| Changes in net assets | 32,492 | - | - | 32,492 | 39,601 |
| Net assets - beginning | <u>98,554</u> | <u>-</u> | <u>-</u> | <u>98,554</u> | <u>58,953</u> |
| Net assets - ending | <u>\$ 131,046</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 131,046</u> | <u>\$ 98,554</u> |

See accompanying notes to financial statements

Central Fulton Street District Management Association, Inc.
(a not-for-profit organization)
Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

| Operating Activities: | <u>June 30, 2012</u> | <u>June 30, 2011</u> |
|--|-----------------------------|-----------------------------|
| Changes in net assets | \$ 32,492 | \$ 39,601 |
| Adjustments to reconcile increase (decrease) to cash provided (used) by operating activities: | | |
| Depreciation | 401 | |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | (9,555) | - |
| Prepaid expenses | (0) | (19) |
| Security deposits | (250) | |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | <u>(50,457)</u> | <u>61,897</u> |
| Net cash (used in) provided by operating activities | <u>(27,369)</u> | <u>101,479</u> |
| Investing Activities: | | |
| Purchase of computer | <u>(3,606)</u> | <u>-</u> |
| Financing Activities: | | |
| None | <u>-</u> | <u>-</u> |
| Net (decrease) increase in cash and cash equivalents | (30,975) | 101,479 |
| Cash and cash equivalents - beginning of period | <u>177,038</u> | <u>75,559</u> |
| Cash and cash equivalents - end of period | <u>\$ 146,063</u> | <u>\$ 177,038</u> |
| Supplemental disclosures: | | |
| None | | |

See accompanying notes to financial statements

Central Fulton Street District Management Association, Inc.
(a not-for-profit organization)
Statements of Functional Expenses
For the Year Ended June 30, 2012
(with comparative totals for the Year Ended June 30, 2011)

| | <u>Program Services</u> | | | <u>Support Services</u> | | <u>Total 2012</u> | <u>Total 2011</u> |
|--------------------------------------|--|-------------------------------------|---------------------------|---------------------------------------|---------------------------------------|-----------------------|-----------------------|
| | <u>Street Beautification and Maintenance</u> | <u>Marketing and Promotions</u> | <u>Other Programs</u> | <u>Total Program Services</u> | <u>Management and General</u> | | |
| Expenses: | | | | | | | |
| Computer and website expenses | \$ - | \$ 1,957 | \$ - | \$ 1,957 | \$ 350 | \$ 2,307 | \$ 1,249 |
| Filing fees and permits | - | - | - | - | 75 | 75 | 121 |
| Holiday lights | - | 24,925 | - | 24,925 | - | 24,925 | 23,925 |
| Insurance | - | - | - | - | 3,220 | 3,220 | 3,200 |
| Miscellaneous | - | 129 | - | 129 | 1,363 | 1,491 | 195 |
| Rent | - | - | - | - | 14,160 | 14,160 | 14,160 |
| Outside services | 7,208 | 18,844 | 14,972 | 41,023 | - | 41,023 | 15,930 |
| Grants/awards | - | - | - | - | - | - | 4,000 |
| Advertising and banners | - | 1,050 | 4,013 | 5,063 | - | 5,063 | 7,452 |
| Payroll, payroll taxes and benefits | - | - | - | - | 81,290 | 81,290 | 80,421 |
| Printing and postage | - | 7,451 | - | 7,451 | 1,132 | 8,583 | 6,932 |
| Professional fees | - | - | - | - | 8,524 | 8,524 | 4,250 |
| Street/sidewalk cleaning/maintenance | 90,249 | - | - | 90,249 | - | 90,249 | 86,059 |
| Supplies and materials | - | 8,240 | - | 8,240 | 1,786 | 10,026 | 18,941 |
| Depreciation expense | - | - | - | - | 401 | 401 | - |
| Office expenses | - | - | 1,320 | 1,320 | 3,538 | 4,858 | 3,117 |
| Total expenses | <u>\$ 97,456</u> | <u>\$ 62,595</u> | <u>\$ 20,305</u> | <u>\$ 180,356</u> | <u>\$ 115,837</u> | <u>\$ 296,193</u> | <u>\$ 269,952</u> |

See accompanying notes to financial statements

Central Fulton Street District Management Association, Inc.
(a not-for-profit organization)
Statement of Functional Expenses
For the Year Ended June 30, 2011

| | <u>Program Services</u> | | | <u>Support Services</u> | | <u>Total 2011</u> |
|-------------------------------------|--|-------------------------------------|---------------------------|---------------------------------------|---------------------------------------|-----------------------|
| | <u>Street Beautification and Maintenance</u> | <u>Marketing and Promotions</u> | <u>Other Programs</u> | <u>Total Program Services</u> | <u>Management and General</u> | |
| Expenses: | | | | | | |
| Computer and website expenses | \$ - | \$ 198 | \$ - | \$ 198 | \$ 1,051 | \$ 1,249 |
| Filing fees and permits | - | 46 | - | 46 | 75 | 121 |
| Holiday lights | - | 23,925 | - | 23,925 | - | 23,925 |
| Insurance | - | - | - | - | 3,200 | 3,200 |
| Miscellaneous | - | - | - | - | 195 | 195 |
| Occupancy | - | - | - | - | 14,160 | 14,160 |
| Outside services | - | 15,930 | - | 15,930 | - | 15,930 |
| Grants/awards | - | - | 4,000 | 4,000 | - | 4,000 |
| Advertising and banners | - | 6,267 | 1,185 | 7,452 | - | 7,452 |
| Payroll, payroll taxes and benefits | - | - | - | - | 80,421 | 80,421 |
| Printing and postage | - | 4,372 | - | 4,372 | 2,560 | 6,932 |
| Professional fees | - | - | - | - | 4,250 | 4,250 |
| Sanitation | 86,059 | - | - | 86,059 | - | 86,059 |
| Supplies and materials | - | 18,941 | - | 18,941 | - | 18,941 |
| Office expenses | - | - | - | - | 3,117 | 3,117 |
| Total expenses | <u>\$ 86,059</u> | <u>\$ 69,679</u> | <u>\$ 5,185</u> | <u>\$ 160,923</u> | <u>\$ 109,029</u> | <u>\$ 269,952</u> |

See accompanying notes to financial statements

Central Fulton Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 1 – Organization

The Central Fulton Street District Management Association, Inc. (the BID) was incorporated in New York State and organized in 2009 to promote commercial revitalization along the Fulton Street area between Rockwell Place and Classon Avenue by providing supplemental services such as increased sanitation, business promotion, neighborhood beautification and initiating capital improvements to make the neighborhood cleaner, safer and more attractive.

The BID receives its annual budget through a special assessment New York City places primarily on commercial property owners within the district's boundaries, which is then collected by the City of New York. A fixed amount based on the approved budget is turned over to the BID by the City on a bi-annual basis. The BID is designated a District Management Association ("DMA") and is made up of property owners and commercial and residential tenants.

Note 2 – Date of Management's Review

In preparing the financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through December 3, 2012, the date the financial statements were available to be issued.

Note 3 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) and reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) no. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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.

Unrestricted – represents activity which 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. The organization did not have any temporarily restricted net assets at June 30, 2012 and 2011.

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 June 30, 2012 and 2011.

Central Fulton Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2012

Note 3 – Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

The organization considers all highly liquid investments financial instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

Equipment and Improvements

Purchases of furniture, equipment and streetscape improvements which have a useful life of greater than one year and which exceed certain established dollar levels are capitalized and recorded at cost. Donations of the same, are valued at fair market at the time of the donation. Depreciation is provided for annually, based on the useful lives of the assets.

Functional Allocation of Expenses

The costs of providing the Central Fulton Street District Management Association's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax Status

The Central Fulton Street District Management Association, Inc. has applied with the Internal Revenue Service to be exempt from federal income taxes as an organization under section 501(c)(3) of the Internal Revenue Code and that they are a publicly supported charity as provided in Section 509(a)(1). The organization also sent in an application to register with the New York State Charities Bureau. As a result of these pending applications, no provision for income taxes has been made in these financial statements.

Contributions

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 stipulated time restrictions ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported 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.

Central Fulton Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 4 – Concentration of Credit Risk

The federal deposit insurance coverage (FDIC) temporarily increased its limits from \$100,000 to \$250,000 on October 3, 2008. This increased coverage is set to expire December 31, 2013. At June 30, 2012 and 2011 the organization did not have any deposits exceeding the FDIC coverage.

Note 3 – Contract with the City of New York

The City of New York, acting through its Department of Small Business Services, has entered into a contract with the Central Fulton Street District Management Association to provide the Central Fulton Street area with community improvements, including improving environmental conditions, increasing public safety and supplementing social services. The City shall pay a set sum of assessments collected based on a formula related to the amount of real property owned within the District. The contract began in October 2009 and extends until June 30, 2014. The total assessments awarded by the City of New York, for the fiscal year ended June 30, 2012 and 2011 were \$298,921 and \$300,000, respectively.

Note 4 – Contingency

The Central Fulton Street District Management Association is dependent on assessments against property in the district collected by the New York City Department of Finance. Any change in this level of support could materially impact the ability of the Central Fulton Street District Management Association to continue to operate and provide its services.

Note 5 – Contracts

Maintenance Contracts

The Central Fulton Street District Management Association renewed its contract for street cleaning/maintenance services with Atlantic Maintenance in July 2010. The new contract is for a two-year period with an annual fee of \$79,410.24 to be paid in monthly installments of \$6,512.58.

Street cleaning/maintenance fees for the years ended June 30, 2012 and 2011 were \$90,249 and \$86,059, respectively.

Central Fulton Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2012 and 2011

Note 5 – Contracts (continued)

Management Agreement

The Central Fulton Street District Management Association has entered into a contract with the Pratt Area Community Council (“PACC”) whereas “PACC” will provide office space and administrative support to the organization. This contract covers the period July 1, 2010 through June 30, 2011 and calls for an administrative fee of \$1,180 per month, plus an additional monthly payroll processing fee of \$35 for one employee, \$45 for two employees and \$50 for three employees. If there are more than three employees, the fee will be agreed upon by the two organizations.

The Central Fulton Street District Management Association renewed its contract with the Pratt Area Community Council (“PACC”) whereas “PACC” to provide office space and administrative support to the organization. This contract covers the period July 1, 2011 through June 30, 2012 and calls for an administrative fee of \$1,180 per month, plus an additional monthly payroll processing fee of \$35 for one employee, \$45 for two employees and \$50 for three employees. If there are more than three employees, the fee will be agreed upon by the two organizations.

Note 7 – Subsequent Events

Management Agreement

The Central Fulton Street District Management Association renewed its contract with the Pratt Area Community Council (“PACC”) whereas “PACC” to provide office space and administrative support to the organization. This contract covers the period July 1, 2012 through June 30, 2013 and calls for an administrative fee of \$1,180 per month, plus an additional monthly payroll processing fee of \$35 for one employee, \$45 for two employees and \$50 for three employees. If there are more than three employees, the fee will be agreed upon by the two organizations.

Maintenance Contracts

The Central Fulton Street District Management Association renewed its contract for street cleaning/maintenance services with Atlantic Maintenance in July 2012. The new contract is for a two-year period, ending on June 30, 2014, with an annual fee of \$104,831.99 to be paid in monthly installments of \$8,735.99.