

**Central Fulton Street
District Management Association, Inc.**

Financial Statements

**Years Ended
June 30, 2015 and 2014**

Central Fulton Street District Management Association, Inc.

June 30, 2015 and 2014

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the Central Fulton Street District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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.

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 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.

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 the Central Fulton Street District Management Association, Inc. as of June 30, 2015 and 2014, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 6 and 7 are presented for purposes 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.

Bauer and Colabella, LLP

Bauer and Colabella, LLP
Brooklyn, New York
November 25, 2015

Central Fulton Street District Management Association, Inc.
(a not-for-profit organization)
Statements of Financial Position
June 30, 2015 and 2014

Assets

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets:		
Cash and cash equivalents	\$ 198,921	\$ 138,420
Accounts receivable	26,328	8,760
Prepaid expenses	<u>3,001</u>	<u>-</u>
Total current assets	<u>228,250</u>	<u>147,181</u>
Depreciable assets:		
Computer equipment	5,183	5,183
Less: accumulated depreciation	<u>(4,721)</u>	<u>(3,594)</u>
Total depreciable assets	<u>462</u>	<u>1,589</u>
Other assets:		
Security deposits	<u>250</u>	<u>250</u>
Total other assets	<u>250</u>	<u>250</u>
Total assets	<u><u>\$ 228,962</u></u>	<u><u>\$ 149,020</u></u>

Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued expenses	\$ 28,964	\$ 28,039
Total liabilities	<u>28,964</u>	<u>28,039</u>
Net Assets:		
Unrestricted	199,998	120,982
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>199,998</u>	<u>120,982</u>
Total liabilities and net assets	<u><u>\$ 228,962</u></u>	<u><u>\$ 149,020</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, 2015
(with comparative totals for the Year Ended June 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Support and Revenue:					
BID assessments - NYCDSBS	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ 300,000
Grants and contributions	133,128	-	-	133,128	37,454
Contributions-in-kind	<u>29,500</u>	<u>-</u>	<u>-</u>	<u>29,500</u>	<u>-</u>
Total support and revenue	<u>462,628</u>	<u>-</u>	<u>-</u>	<u>462,628</u>	<u>337,454</u>
Expenses:					
Program services	251,755	-	-	251,755	199,158
Management and general	<u>131,857</u>	<u>-</u>	<u>-</u>	<u>131,857</u>	<u>147,279</u>
Total expenses	<u>383,612</u>	<u>-</u>	<u>-</u>	<u>383,612</u>	<u>346,437</u>
Changes in net assets	79,016	-	-	79,016	(8,982)
Net assets - beginning	<u>120,982</u>	<u>-</u>	<u>-</u>	<u>120,982</u>	<u>129,964</u>
Net assets - ending	<u>\$ 199,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,998</u>	<u>\$ 120,982</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, 2015 and 2014

Operating Activities:	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Changes in net assets	\$ 79,016	\$ (8,982)
Adjustments to reconcile increase (decrease) to cash provided (used) by operating activities:		
Depreciation	1,127	1,728
(Increase) decrease in operating assets:		
Accounts receivable	(17,568)	(5,260)
Prepaid expenses	(3,001)	3,226
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>927</u>	<u>(5,958)</u>
Net cash provided by (used in) operating activities	<u>60,501</u>	<u>(15,247)</u>
Investing Activities:		
None	<u>-</u>	<u>-</u>
Financing Activities:		
None	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	60,501	(15,247)
Cash and cash equivalents - beginning of period	<u>138,420</u>	<u>153,667</u>
Cash and cash equivalents - end of period	<u>\$ 198,921</u>	<u>\$ 138,420</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, 2015
(with comparative totals for the Year Ended June 30, 2014)

	<u>Program Services</u>			<u>Support Services</u>		<u>Total 2015</u>	<u>Total 2014</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:							
Street/sidewalk cleaning/maintenance	\$ 116,590	\$ -	\$ -	\$ 116,590	\$ -	\$ 116,590	\$ 106,673
Payroll, payroll taxes and benefits	-	-	400	400	103,493	103,893	113,236
Outside services	9,426	12,751	39,896	62,073	360	62,433	46,022
Holiday lights	-	23,925	-	23,925	-	23,925	23,925
Advertising and banners	-	-	378	378	-	378	307
Rent/administration fee	-	-	-	-	14,160	14,160	14,160
Supplies and materials	-	-	289	289	1,006	1,296	4,886
Professional fees	-	-	-	-	5,096	5,096	8,070
Printing and postage	-	9,798	-	9,798	-	9,798	9,073
Equipment rental and purchases	-	-	4,212	4,212	-	4,212	436
Office expenses	-	-	468	468	3,808	4,276	6,389
Insurance	-	-	-	-	2,383	2,383	3,875
Miscellaneous	-	-	-	-	151	151	1,340
Computer and website expenses	-	3,076	-	3,076	-	3,076	5,864
Fees and permits	-	-	1,046	1,046	273	1,319	452
Professionals, supplies and materials - in-kind	-	-	29,500	29,500	-	29,500	-
	<u>126,016</u>	<u>49,550</u>	<u>76,189</u>	<u>251,755</u>	<u>130,730</u>	<u>382,485</u>	<u>344,709</u>
Depreciation expense	-	-	-	-	1,127	1,127	1,728
Total expenses	<u>\$ 126,016</u>	<u>\$ 49,550</u>	<u>\$ 76,189</u>	<u>\$ 251,755</u>	<u>\$ 131,857</u>	<u>\$ 383,612</u>	<u>\$ 346,437</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, 2014

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Support Services</u>	<u>Total 2014</u>
	<u>Street Beautification and Maintenance</u>	<u>Marketing and Promotions</u>	<u>Other Programs</u>		<u>Management and General</u>	
Expenses:						
Street/sidewalk cleaning/maintenance	\$ 106,673	\$ -	\$ -	\$ 106,673	\$ -	\$ 106,673
Payroll, payroll taxes and benefits	-	-	1,959	1,959	111,277	113,236
Outside services	9,052	22,146	14,824	46,022	-	46,022
Holiday lights	-	23,925	-	23,925	-	23,925
Advertising and banners	-	264	43	307	-	307
Rent/administration fee	-	-	-	-	14,160	14,160
Supplies and materials	-	3,586	-	3,586	1,300	4,886
Professional fees	-	-	-	-	8,070	8,070
Printing and postage	-	9,073	-	9,073	-	9,073
Equipment rental and purchases	-	-	436	436	-	436
Office expenses	-	-	1,040	1,040	5,349	6,389
Insurance	-	-	-	-	3,875	3,875
Miscellaneous	-	793	-	793	548	1,340
Computer and website expenses	-	5,064	-	5,064	800	5,864
Fees and permits	-	-	281	281	172	452
Professionals, supplies and materials - in-kind	-	-	-	-	-	-
	<u>115,725</u>	<u>64,850</u>	<u>18,582</u>	<u>199,158</u>	<u>145,551</u>	<u>344,709</u>
Depreciation expense	-	-	-	-	1,728	1,728
Total expenses	<u>\$ 115,725</u>	<u>\$ 64,850</u>	<u>\$ 18,582</u>	<u>\$ 199,158</u>	<u>\$ 147,279</u>	<u>\$ 346,437</u>

See accompanying notes to financial statements

Central Fulton Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

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 November 25, 2015, 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 (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, 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, 2015 and 2014.

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, 2015 and 2014.

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.

Central Fulton Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

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

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.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Central Fulton Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

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

Gifts-in-Kind Contributions

The organization benefits from services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's programs and operations. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. For the year ended June 30, 2015, donated services, supplies and materials with an estimated fair value of \$29,500 met those criteria and are included in in-kind contributions in the statement of activities. These in-kind donations were primarily related to the design and planning of the Fulton Street Visioning Plan.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organizations financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Note 4 – 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 extended until June 30, 2014 and has been renewed and extended through June 30, 2016. The total assessments awarded by the City of New York, for the fiscal year ended June 30, 2015 and 2014 were \$300,000 and \$300,000, respectively.

Note 5 – 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.

Central Fulton Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

Note 6 – Contracts

Street Cleaning/Maintenance Contracts

In July 2014, the Central Fulton Street District Management Association renewed its contract for street cleaning/maintenance services with Atlantic Maintenance. The new contract is for a two-year period which ends on June 30, 2016, and has an annual fee of \$104,831.99 which was paid in monthly installments of \$8,735.99.

Street cleaning/maintenance fees for the years ended June 30, 2015 and 2014 were \$116,590 and \$106,673, respectively.

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 covered the periods July 1, 2013 through June 30, 2014 and July 1, 2014 through June 30, 2015 and called 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.

Horticulture Services Agreement

In December 2012, the Central Fulton Street District Management Association entered into an agreement with Urban Arborists, Inc. to maintain the plants and shrubs at the two Public Plazas in the district; Fowler Square and the Putnam Triangle Plaza. The agreement ended on June 30, 2014, and was renewed for another year until June 30, 2015. In June 2015, the agreement was extended through May 2016. Horticulture costs for the years ended June 30, 2015 and 2014 were \$9,426 and \$9,052, respectively.

Pedestrian Plaza Maintenance Agreement

The City of New York, acting through the Commissioner of the Department of Transportation (“DOT”) has entered into an agreement with the Central Fulton Street District Management Association to help maintain the pedestrian plaza and installed amenities located on Putnam Avenue between Grand Avenue and Fulton Street, in the borough of Brooklyn, New York. If the organization fails to maintain or repair the Plaza and its amenities pursuant to the agreement, the DOT may bill the Central Fulton Street District Management Association for all reasonable costs arising from such repair and maintenance. The agreement became effective on June 27, 2013 and extends for an initial term of five years and may be renewed for five additional one-year terms after that.

Central Fulton Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2015 and 2014

Note 7 – Subsequent Events

Renewal of Management Agreement

The Central Fulton Street District Management Association signed a new contract with the Pratt Area Community Council (“PACC”) whereas “PACC” to provide administrative payroll support to the organization. This contract covers the period July 1, 2015 through June 30, 2016 and calls for a monthly payroll processing fee of \$45 for one employee, \$55 for two employees and \$60 for three employees. If there are more than three employees, the fee will be agreed upon by the two organizations.

Temporary New Office Space

On September 22, 2015 the Central Fulton Street District Management Association moved its offices to 907 Fulton Street in Brooklyn, New York, while searching for a new location. Rent, inclusive of all utilities is \$2,100 per month and is on a month-to-month basis until a permanent space is found.

Renewal of Contract with the City of New York

The City of New York, acting through its Department of Small Business Services, is in the process of renewing its contract with the Central Fulton Street District Management Association, Inc. for another five-year term and has issued a contract extension through June 30, 2016 until the new contract can be finalized.