

125TH STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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STEPHEN FRANCIOSA CPA
ACCOUNTANTS + CONSULTANTS

213 FORDHAM STREET
CITY ISLAND, NEW YORK 10464

(718)885-9191
FAX: (718)885-3131
EMAIL: SFCPAS@OPTONLINE.NET

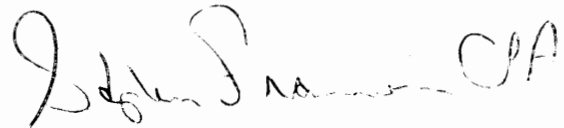
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Board of Directors
125th Street District Management Association, Inc.

I have audited the accompanying statement of financial position of 125th Street District Management Association, Inc. as of June 30, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Company'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 statement. 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 125th Street District Management Association, Inc. as of June 30, 2009 and 2008, and the results of its activities and changes in net assets, of its functional expenses and of its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



City Island, New York
January 21, 2009

125TH STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and cash equivalents	\$ 149,127	\$ 234,464
Accounts receivable	213	0
Prepaid expenses	9,722	8,325
Total Current Assets	<u>159,062</u>	<u>242,789</u>
Fixed Assets		
Furniture, equipment and improvements - net of accumulated depreciation of \$100,495 and \$98,583 (Note 2)	322	2,234
Other Assets		
Security deposits	<u>2,850</u>	<u>2,850</u>
Total Assets	<u>\$ 162,234</u>	<u>\$ 247,873</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 86,087	\$ 93,616
Other liabilities	850	844
Total Current Liabilities	<u>86,937</u>	<u>94,460</u>
Net Assets		
Unrestricted	72,691	145,577
Restricted	<u>2,606</u>	<u>7,836</u>
Total Net Assets	<u>75,297</u>	<u>153,413</u>
Total Liabilities and Net Assets	<u>\$ 162,234</u>	<u>\$ 247,873</u>

See notes to financial statements.

125TH STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Support and Revenue		
BID assessments	\$ 746,082	\$ 693,450
Government grant - released from restriction	5,230	17,910
Fundraising and special events	21,253	12,565
BID expansion	8,000	0
Bank interest income	234	641
In-kind - rent	12,000	12,000
Total Support and Revenue	792,799	736,566
Expenses		
Program services	763,727	740,189
Management and general	101,958	124,097
Total Expenses	865,685	864,286
Change in unrestricted net assets	(72,886)	(127,720)
Net assets		
Unrestricted - Beginning of Year	145,577	273,297
- End of Year	72,691	145,577
Restricted - Beginning of Year	\$ 7,836	\$ 25,746
- released from restrictions	(5,230)	(17,910)
- End of Year	2,606	7,836
Net assets - End of year	\$ 75,297	\$ 153,413

See notes to financial statements.

125TH STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009 AND 2008

	2009		
	Program Services	Management & General	Total
Salaries	\$ 140,306	\$ 54,564	\$ 194,870
Payroll Taxes	10,514	3,694	14,208
Sanitation	181,386		181,386
Holiday lighting	42,899		42,899
Promotion	29,228		29,228
Rent and utilities	30,000	8,106	38,106
Telephone and internet	8,987	3,157	12,144
Postage	616	217	833
Printing	5,699		5,699
Office supplies and expenses	9,980	4,916	14,896
Professional fees		8,750	8,750
Consultants	7,725		7,725
Insurance	19,000	8,491	27,491
Public safety	258,627		258,627
Rent - in-kind - public safety	12,000		12,000
Travel, meetings and conferences	1,326	5,304	6,630
Leased equipment and minor purchases	4,000	1,334	5,334
Payroll service fees		2,089	2,089
Other		858	858
Depreciation	1,434	478	1,912
	\$ 763,727	\$ 101,958	\$ 865,685

	2008		
	Program Services	Management & General	Total
Salaries	\$ 140,908	54,797	\$ 195,705
Payroll Taxes	13,235	4,650	17,885
Sanitation	178,657		178,657
Holiday lighting	39,975		39,975
Promotion	21,657		21,657
Rent and utilities	24,481	8,602	33,083
Telephone and internet	7,666	2,693	10,359
Postage	869	305	1,174
Printing	13,226		13,226
Office supplies and expenses	6,642	3,321	9,963
Professional fees		23,039	23,039
Consultants	9,875		9,875
Insurance		16,028	16,028
Public safety	261,545		261,545
Rent - in-kind - public safety	12,000		12,000
Travel, meetings and conferences	958	3,834	4,792
Leased equipment and minor purchases	5,336	1,778	7,114
Payroll service fees		1,887	1,887
Other		2,110	2,110
Depreciation	3,159	1,053	4,212
	\$ 740,189	\$ 124,097	\$ 864,286

See notes to financial statements.

125TH STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009 AND 2008

	2009	2008
Cash Flows From Operating Activities		
Change in net assets - Unrestricted	\$ (72,886)	\$ (127,720)
- Restricted	<u>(5,230)</u>	<u>(17,910)</u>
	\$ (78,116)	\$ (145,630)
Adjustment to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	1,912	4,212
(Increase) in accounts receivable	(213)	0
(Increase) in prepaid expenses	(1,397)	(7,627)
(Decrease) increase in accounts payable and accrued expenses	(7,529)	55,262
Increase (decrease) in other liabilities	6	<u>(12,087)</u>
Total Cash Flows Used In Operating Activities	<u>(85,337)</u>	<u>(105,870)</u>
Net decrease in cash	(85,337)	(105,870)
Cash - Beginning of Year	<u>234,464</u>	<u>340,334</u>
Cash - End of Year	<u>\$ 149,127</u>	<u>\$ 234,464</u>

See notes to financial statements.

Note 1 - Organization and Significant Accounting Policies

Organization

125th Street District Management Association, Inc. (the "Organization") is a New York State not-for-profit corporation whose basic purpose is to administer the activities of the New York City sponsored Business Improvement District Program (the "BID") in the central Harlem area of New York City.

The BID is a financing mechanism that provides additional funds within the BID geographical boundary for services beyond those already provided by the City. The predominant source of these funds is New York City BID assessments to property owners within the BID boundaries. In addition, as available, additional funds may be received from additional government agencies and other funding sources to supplement the Organization's activities.

The Organization is designated a District Management Association ("DMA") and is made up of a majority of property owners, commercial and residential tenants, and representatives of New York City offices.

Some of the services to the BID area include, but are not limited to:

1. Increased sanitation
2. Increased security
3. Beautification
4. Capital improvements

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.

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.

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.

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 year ended June 30, 2009 or 2008.

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 1 - Organization and Significant Accounting Policies (continued)

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.

Furniture, Equipment and Improvements

Furniture, equipment and improvements are stated at cost.

Depreciation is provided for annually, based on the useful lives of the assets. Depreciation has been computed on the straight-line basis for periods of three to seven years.

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.

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 to \$250,000 in aggregate, \$100,000 during fiscal year ended June 30, 2008. During the year, it could have deposits which exceed this FDIC limit. At June 30, 2009 and 2008, the Organization had uninsured balances of \$0 and \$108,131, respectively. As of the date of this report, the FDIC increased limits of \$250,000 are expected to expire on December 31, 2013.

The Organization 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 Organization is dependent upon future contract renewals with the City of New York, in addition to the City's timely disbursement of BID assessments. The Organization's contract with the City of New York has been extended to June 30, 2011.

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.

Note 2 - Revenue

For the year ended June 30, 2008, the BID had been legislatively authorized but had not assessed an additional \$26,316 in which case revenue would have been \$719,766 as opposed to \$693,450. In the year ended June 30, 2009, the \$26,316 was collected and is included in BID assessments revenue.

125TH STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009 AND 2008

Note 3 - Fixed Assets

As of year-end, the BID's fixed assets consisted of the following:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 60,540	\$ 60,540
Furniture	14,951	14,951
Computers	25,326	25,326
Less: accumulated depreciation	<u>(100,495)</u>	<u>(98,583)</u>
 Total fixed assets at year-end	 <u>\$ 322</u>	 <u>\$ 2,234</u>

Note 4 - Lease Commitment

The BID had no lease for its administrative office at 271 West 125th Street, New York City. The monthly rental committed for the years ended June 30, 2009 and 2008 is approximately \$2,400, respectively.

The organization has relocated as of October 1, 2009 to 350 West 125th Street, New York City. Estimated projected future monthly minimum rental are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2010	\$ 74,862
June 30, 2011	90,000
June 30, 2012	91,688
June 30, 2013	93,980
June 30, 2014	96,329
Thereafter	546,410

Office equipment leases are minor and, accordingly, not considered material.

Note 5 - Public Safety

A portion of public safety expenditures for the year ended June 30, 2009 and June 30, 2008 was met by approximately \$85,000 and \$100,000, respectively, of contingency cash reserves, respectively.

Note 6 - Other Commitments

At years ended June 30, 2009 and 2008, the BID contracted for its annual sanitation at a cost of approximately \$15,000 per month.

The Organization also has a Public Safety commitment for the year ended June 30, 2009 of approximately \$255,000.

Note 7 - Compensated Absences

Vacation and sick pay are considered expenditures in the year paid. Upon termination, an employee is compensated for any accrued but unpaid vacation pay. At year-end June 30, 2009 and 2008, there was no liability.

Note 8 - Fundraising and Special Events

Special events could include community service oriented projects such as summer concerts, special business meetings and outreach activities. There were no special events in years ending June 30, 2009 and 2008.

In June of 2006, the BID launched a one-year pilot project to install thirty-one new advertising litter receptacles. Due to the success of the program, Department of Sanitation approved expansion of the program for two years and up to one hundred twenty-five receptacles. Due to this strategic alliance agreement (contract) with OutdoorPartner Media Corporation, a percentage of the revenue generated from the advertising goes to the BID. At years ended June 30, 2009 and 2008, the BID earned approximately \$3,200 and \$1,900, respectively.