

**BELMONT DISTRICT
MANAGEMENT ASSOCIATION**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2020 AND 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 30, 2020

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 197,219	\$ 241,837
Grants and other receivables	29,758	17,240
Prepaid expenses	3,053	7,649
Property and equipment, net	5,801	-
Security deposits	3,000	3,000
	\$ 238,831	\$ 269,726

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 22,834	\$ 27,137
Deferred revenue	11,301	800
Total liabilities	34,135	27,937
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	204,696	241,789
With donor restrictions	-	-
Total net assets	204,696	241,789
Total liabilities and net assets	\$ 238,831	\$ 269,726

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 440,000	\$ 440,000
Program service revenue	58,059	89,591
Government grants and contracts	50,000	86,699
Contributions	59,106	48,895
Interest & other income	1,535	1,166
Total support and revenues	608,700	666,351
Expenses:		
Program Expenses:		
Marketing and promotion	329,410	311,494
Security	102,189	111,236
Sanitation	81,513	73,795
Total program expenses	513,112	496,525
Supporting Services:		
Management and general	132,681	183,513
Total expenses	645,793	680,038
Increase/(Decrease) In Net Assets:		
Without donor restrictions	(37,093)	(13,687)
With donor restrictions	-	-
Increase/(decrease) in net assets	(37,093)	(13,687)
Net assets, beginning of year	241,789	255,476
Net assets, end of year	\$ 204,696	\$ 241,789

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Expenses			Total Program Expenses	Supporting Services	
	Marketing and Promotion	Security	Sanitation		Management and General	Total Expenses
Personnel costs:						
Executive salaries	\$ 60,989	\$ 9,383	\$ 9,383	\$ 79,755	\$ 15,241	\$ 94,996
Staff salaries	34,027	-	-	34,027	22,685	56,712
Payroll taxes	7,012	692	692	8,396	3,260	11,656
Consultants and contractors	7,722	92,114	70,532	170,368	7,740	178,108
Total personnel costs	<u>109,750</u>	<u>102,189</u>	<u>80,607</u>	<u>292,546</u>	<u>48,926</u>	<u>341,472</u>
Direct expenses:						
Depreciation	-	-	-	-	1,450	1,450
Equipment	-	-	-	-	5,885	5,885
Event costs	80,158	-	-	80,158	-	80,158
Holiday lights	43,545	-	-	43,545	-	43,545
Insurance	1,910	-	-	1,910	3,913	5,823
Office supplies and expenses	1	-	906	907	23,364	24,271
Printing and reproduction	10,128	-	-	10,128	1,775	11,903
Professional fees	-	-	-	-	9,456	9,456
Promotion	83,918	-	-	83,918	-	83,918
Rent and utilities	-	-	-	-	30,184	30,184
Telephone and communications	-	-	-	-	7,126	7,126
Travel and meetings	-	-	-	-	602	602
Total direct expenses	<u>219,660</u>	<u>-</u>	<u>906</u>	<u>220,566</u>	<u>83,755</u>	<u>304,321</u>
Total expenses	<u>\$ 329,410</u>	<u>\$ 102,189</u>	<u>\$ 81,513</u>	<u>\$ 513,112</u>	<u>\$ 132,681</u>	<u>\$ 645,793</u>

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	-	-	-	-	18,297	18,297
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 and utilities	-	-	-	-	29,897	29,897
Telephone and communications	-	-	-	-	6,585	6,585
Travel and meetings	-	-	-	-	781	781
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
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (37,093)	\$ (13,687)
Adjustments for non-cash items included in operating activities:		
Depreciation	1,450	-
Changes in assets and liabilities:		
Grants and other receivables	(12,518)	(4,002)
Prepaid expenses	4,596	8,043
Accounts payable and accrued expenses	(4,303)	13,760
Deferred revenue	10,501	800
Net cash provided/(used) by operating activities	(37,367)	4,914
Cash flows from investing activities:		
Purchase of property and equipment	(7,251)	-
Net cash provided/(used) by investing activities	(7,251)	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(44,618)	4,914
Cash and cash equivalents at beginning of year	241,837	236,923
Cash and cash equivalents at end of year	\$ 197,219	\$ 241,837
Supplementary Information:		
Retirement of fully depreciated assets	\$ -	\$ 41,321

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

The Association has elected to defer the adoption of FASB ASU 2014-09 Revenue from Contracts with Customers for one year in accordance with amendments contained in FASB ASU 2020-05.

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 and Equipment

The Association capitalizes certain property and equipment with estimated lives of two years or more. Property and equipment assets are stated at cost, less accumulated depreciation. Depreciation 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 insurance, office supplies and expenses, and printing and reproduction 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 statements 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.

The Association recognizes contributions when an unconditional pledge is made. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. At June 30, 2020 and 2019, the Association did not have any conditional pledges that were not recognized.

All 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 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Bank deposits and cash	\$ 7,764	\$ 16,852
Money market funds	<u>189,455</u>	<u>224,985</u>
	<u>\$ 197,219</u>	<u>\$ 241,837</u>

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

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, 2020 and 2019.

Note 4 - Property and Equipment

Property, equipment and intangible assets by major class consisted of the following at June 30, 2020 and 2019:

	2020	2019
Equipment	\$ 18,313	\$ 11,833
Furniture and fixtures	5,392	4,621
Less: Accumulated depreciation	(17,904)	(16,454)
	\$ 5,801	\$ -

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

Note 5 - Government Grants

During the years ended June 30, 2020 and 2019, the Association was awarded various grants by governmental entities. Total amount recognized from the grants amounted to \$50,000 and \$86,699 for the years ended June 30, 2020 and 2019, respectively.

Note 6 - Commitments and Contingencies

The Association leases office space under a noncancellable operating lease. As of June 30, 2020, the minimum aggregate annual rental commitments are as follows:

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

Total rent and related expense charged to operations for the years ended June 30, 2020 and 2019 was \$30,184 and \$29,897, respectively.

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

Note 7 - Liquidity and Availability of Financial Assets

The Association 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 Association 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 Association's financial assets, as of June 30, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 197,219	\$ 241,837
Receivables	<u>29,758</u>	<u>17,240</u>
Total financial assets	226,977	259,077
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>\$ 226,977</u>	<u>\$ 259,077</u>

Note 8 - Joint Venture

The Association is party to a joint venture agreement with a for-profit organization. The agreement allows the for-profit organization to manufacture, promote, distribute, and sell a line of products that feature and highlight the Belmont District. In return and in recognition of the Association's past and future efforts and achievements in support of the Belmont District, the for-profit organization agrees to contribute, to the Association, a portion of the price of products it sells. During the years ended June 30, 2020 and 2019, contributions to the Association relating to this agreement totaled \$59,106 and \$48,895, respectively.

Note 9 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through September 30, 2020, 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, 2020 and 2019, and have issued our report thereon dated September 30, 2020, 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 expenditures 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 30, 2020

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
SCHEDULE OF EXPENDITURES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2020**

	<u>Total Expenditures</u>	<u>Budget</u>
Executive salaries	\$ 94,996	\$ 93,000
Staff salaries	56,712	52,000
Payroll taxes	11,656	10,049
Consultants and contractors	178,108	187,716
Depreciation	-	-
Equipment	9,392	15,000
Event costs	83,902	59,279
Holiday lights	43,545	38,370
Insurance	5,823	3,500
Office supplies and expenses	24,271	23,366
Printing and reproduction	11,903	1,300
Professional fees	9,456	27,000
Promotion	83,918	77,530
Occupancy	30,184	27,920
Telephone and communications	7,126	4,244
Travel and meetings	602	350
Total expenditures	<u>\$ 651,594</u>	<u>\$ 620,624</u>