

**BELMONT DISTRICT
MANAGEMENT ASSOCIATION**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2021 AND 2020

BELMONT DISTRICT MANAGEMENT ASSOCIATION

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2021 and 2020	2
Statements of activities for the years ended June 30, 2021 and 2020	3
Statement of expenses for the year ended June 30, 2021	4
Statement of expenses for the year ended June 30, 2020	5
Statements of cash flows for the years ended June 30, 2021 and 2020	6
Notes to financial statements	7 - 12
 <u>Supplementary Financial Information</u>	
Independent Auditors' Report on Supplementary Information	13
Schedule of expenditures and budget for the year ended June 30, 2021	14



Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002

www.skodyscot.com

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, 2021 and 2020, 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, 2021 and 2020, 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
October 7, 2021

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash	\$ 260,234	\$ 197,219
Grants and other receivables	22,829	29,758
Prepaid expenses	4,562	3,053
Property and equipment, net	4,801	5,801
Security deposits	3,000	3,000
	\$ 295,426	\$ 238,831

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 16,210	\$ 22,834
Deferred revenue	10,501	11,301
Total liabilities	26,711	34,135
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	268,715	204,696
With donor restrictions	-	-
Total net assets	268,715	204,696
Total liabilities and net assets	\$ 295,426	\$ 238,831

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 440,000	\$ 440,000
Program service revenue	13,735	58,059
Government grants and contracts	50,000	50,000
Contributions	72,374	59,722
Contributions in-kind	18,000	-
Interest & other income	565	919
Total support and revenues	594,674	608,700
Expenses:		
Program Expenses:		
Marketing and promotion	207,094	329,409
Security	110,048	102,189
Sanitation	94,923	81,513
Total program expenses	412,065	513,111
Supporting Services:		
Management and general	118,590	132,682
Total expenses	530,655	645,793
Increase/(Decrease) In Net Assets:		
Without donor restrictions	64,019	(37,093)
With donor restrictions	-	-
Increase/(decrease) in net assets	64,019	(37,093)
Net assets, beginning of year	204,696	241,789
Net assets, end of year	\$ 268,715	\$ 204,696

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Expenses			Total Program Expenses	Supporting Services	
	Marketing and Promotion	Security	Sanitation		Management and General	Total Expenses
Personnel costs:						
Executive salaries	\$ 56,888	\$ 7,670	\$ 7,670	\$ 72,228	\$ 24,570	\$ 96,798
Staff salaries	18,919	-	-	18,919	12,612	31,531
Payroll taxes	6,094	617	617	7,328	2,988	10,316
Consultants and contractors	3,437	101,761	85,369	190,567	8,040	198,607
Total personnel costs	<u>85,338</u>	<u>110,048</u>	<u>93,656</u>	<u>289,042</u>	<u>48,210</u>	<u>337,252</u>
Direct expenses:						
Bad debt	-	-	-	-	3,625	3,625
Depreciation	-	-	-	-	1,563	1,563
Equipment	-	-	-	-	2,120	2,120
Event costs	3,898	-	-	3,898	-	3,898
Holiday lights	26,770	-	-	26,770	-	26,770
Insurance	-	-	-	-	3,904	3,904
Office supplies and expenses	-	-	-	-	12,410	12,410
Printing and reproduction	-	-	-	-	1,148	1,148
Professional fees	-	-	-	-	9,082	9,082
Program supplies	-	-	1,267	1,267	-	1,267
Promotion	91,088	-	-	91,088	-	91,088
Rent and utilities	-	-	-	-	29,878	29,878
Telephone and communications	-	-	-	-	6,650	6,650
Total direct expenses	<u>121,756</u>	<u>-</u>	<u>1,267</u>	<u>123,023</u>	<u>70,380</u>	<u>193,403</u>
Total expenses	<u>\$ 207,094</u>	<u>\$ 110,048</u>	<u>\$ 94,923</u>	<u>\$ 412,065</u>	<u>\$ 118,590</u>	<u>\$ 530,655</u>

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	-	-	-	-	23,365	23,365
Printing and reproduction	10,128	-	-	10,128	1,775	11,903
Professional fees	-	-	-	-	9,456	9,456
Program supplies	-	-	906	906	-	906
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>219,659</u>	<u>-</u>	<u>906</u>	<u>220,565</u>	<u>83,756</u>	<u>304,321</u>
Total expenses	<u>\$ 329,409</u>	<u>\$ 102,189</u>	<u>\$ 81,513</u>	<u>\$ 513,111</u>	<u>\$ 132,682</u>	<u>\$ 645,793</u>

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 64,019	\$ (37,093)
Adjustments for non-cash items included in operating activities:		
Bad debt	3,625	-
Depreciation	1,563	1,450
Changes in assets and liabilities:		
Grants and other receivables	3,304	(12,518)
Prepaid expenses	(1,509)	4,596
Accounts payable and accrued expenses	(6,624)	(4,303)
Deferred revenue	(800)	10,501
Net cash provided/(used) by operating activities	<u>63,578</u>	<u>(37,367)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(563)	(7,251)
Net cash provided/(used) by investing activities	<u>(563)</u>	<u>(7,251)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	63,015	(44,618)
Cash and cash equivalents at beginning of year	197,219	241,837
Cash and cash equivalents at end of year	<u>\$ 260,234</u>	<u>\$ 197,219</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

During fiscal year 2021, the Association adopted FASB ASU 2014-09 *Revenue from Contracts with Customers* using the full retrospective approach. Analysis of various provisions of the standards resulted in no significant changes in the way the Association recognizes revenue, and therefore no changes to previously issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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 to the Association of three months or less.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

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 are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

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 and related expenses based on estimated time and effort. 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.

**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 revenue.

The Association recognizes contributions when cash, a noncash asset, or an unconditional promise to give is received. 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. Amounts received prior to the meeting of these conditions are reported as deferred revenue in the statement of financial position. As of June 30, 2021 and 2020, 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 net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in 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 grants from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange type grant, all unreimbursed expenses, for approved purposes, as of year-end are recorded as receivables and any unexpended advances are recorded as refundable advances. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

Note 2 - Government Grants

During the years ended June 30, 2021 and 2020, the Association was awarded grants by the New York City Department of Small Business Services. Total revenue recognized from the grants amounted to \$50,000 and \$50,000 for the years ended June 30, 2021 and 2020, respectively.

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

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 18,876	\$ 18,313
Furniture and fixtures	5,392	5,392
Less: Accumulated depreciation	<u>(19,467)</u>	<u>(17,904)</u>
	<u>\$ 4,801</u>	<u>\$ 5,801</u>

Note 4 - Contributions In-Kind

Services were donated to the Association and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

Total contributions in-kind reported on the accompanying statements of activities for the years ended June 30, 2021 and 2020, amounted to \$18,000 and \$0, respectively. Contributions in-kind that are included in the financial statements consisted of lobbying service fees.

Note 5 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during fiscal years 2021 and 2020 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Publications	\$ 11,935	\$ 11,541
Event journal and space rental	800	40,820

The following table provides information about significant changes in the contract liabilities for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred journal revenue, beginning of year	\$ 800	\$ 800
Revenue recognized that was included in deferred journal at beginning of year	(800)	-
Increases in deferred journal due to cash received during the period	-	-
Deferred journal revenue, end of the year	<u>\$ -</u>	<u>\$ 800</u>

Note 6 - Concentration

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, 2021 and 2020.

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

Note 7 - Litigation

During the years ended June 30, 2021 and 2020, the Association was named as a defendant in a slip and fall lawsuit that happened in the Belmont District. The outcome of the lawsuit and any liabilities that may arise from it cannot be determined as of the date of the audit report. This incident is covered by the Association's insurance so in the event there is a judgement against the Association, the only liability will be the policy deductible.

Note 8 - Commitments and Contingencies

The Association leases office space under a 10 year operating lease that can be canceled by the Association, without penalty, with an 18 month notice to the landlord. As of June 30, 2021, the minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2022	\$ 10,000
--------------------------	-----------

Total rent and related expense charged to operations for the years ended June 30, 2021 and 2020 was \$29,878 and \$30,184, respectively.

Note 9 - 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, 2021 and 2020, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 260,234	\$ 197,219
Receivables	<u>22,829</u>	<u>29,758</u>
Total financial assets	283,063	226,977
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>283,063</u>	\$ <u>226,977</u>

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

Note 10 - 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 for 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, 2021 and 2020, contributions to the Association relating to this agreement totaled \$71,774 and \$59,106, respectively.

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through October 7, 2021, which is the date the financial statements were available to be issued.



Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002

www.skodyscot.com

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, 2021 and 2020, and have issued our report thereon dated October 7, 2021, 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
October 7, 2021

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
SCHEDULE OF EXPENDITURES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2021**

	<u>Total</u>	<u>Less</u>	<u>Net</u>	<u>Budget</u>
	<u>Expenditures</u>	<u>In-Kind</u>	<u>Expenses</u>	
Executive salaries	\$ 96,798	\$ -	\$ 96,798	\$ 95,000
Staff salaries	31,531	-	31,531	54,000
Payroll taxes	10,316	-	10,316	12,708
Consultants and contractors	198,607	-	198,607	208,762
Bad debt	3,625	-	3,625	-
Depreciation	1,563	-	1,563	-
Equipment	2,120	-	2,120	100
Event costs	3,898	-	3,898	56,053
Holiday lights	26,770	-	26,770	35,820
Insurance	3,904	-	3,904	3,500
Office supplies and expenses	12,410	-	12,410	23,080
Printing and reproduction	1,148	-	1,148	1,300
Professional fees	9,082	-	9,082	17,500
Program supplies	1,267	-	1,267	1,500
Promotion	91,088	(18,000)	73,088	95,530
Occupancy	29,878	-	29,878	27,420
Telephone and communications	6,650	-	6,650	7,300
Travel and meetings	-	-	-	300
Total expenditures	<u>\$ 530,655</u>	<u>\$ (18,000)</u>	<u>\$ 512,655</u>	<u>\$ 639,873</u>