

**BELMONT DISTRICT
MANAGEMENT ASSOCIATION**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2022 AND 2021

BELMONT DISTRICT MANAGEMENT ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Belmont District Management Association

Opinion

We have audited the financial statements of Belmont District Management Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Belmont District Management Association as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Belmont District Management Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Belmont District Management Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the judgement made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Belmont District Management Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Belmont District Management Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Skody Scot & Company, CPAS, P.C.

New York, NY
November 10, 2022

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS		
Cash	\$ 331,846	\$ 260,234
Contributions and other receivables	110,668	22,829
Prepaid expenses	7,828	4,562
Property and equipment, net	3,416	4,801
Security deposits	3,000	3,000
	\$ 456,758	\$ 295,426

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 12,776	\$ 16,210
Deferred revenue	-	10,501
Total liabilities	12,776	26,711
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	431,982	268,715
With donor restrictions	12,000	-
Total net assets	443,982	268,715
Total liabilities and net assets	\$ 456,758	\$ 295,426

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Assessment revenue	\$ 440,000	\$ -	\$ 440,000	\$ 440,000	\$ -	\$ 440,000
Program service revenue	50,793	-	50,793	13,735	-	13,735
Government grants & contracts	118,331	12,000	130,331	50,000	-	50,000
Contributions	76,239	-	76,239	72,374	-	72,374
Contributions in-kind	36,000	-	36,000	18,000	-	18,000
Interest & other income	885	-	885	565	-	565
Total support and revenues	<u>722,248</u>	<u>12,000</u>	<u>734,248</u>	<u>594,674</u>	<u>-</u>	<u>594,674</u>
Expenses:						
Program Services:						
Marketing and promotion	244,764	-	244,764	210,317	-	210,317
Security	110,333	-	110,333	110,048	-	110,048
Sanitation	99,019	-	99,019	94,923	-	94,923
Total program expenses	<u>454,116</u>	<u>-</u>	<u>454,116</u>	<u>415,288</u>	<u>-</u>	<u>415,288</u>
Supporting Services:						
Management and general	104,865	-	104,865	115,367	-	115,367
Total expenses	<u>558,981</u>	<u>-</u>	<u>558,981</u>	<u>530,655</u>	<u>-</u>	<u>530,655</u>
Increase/(Decrease) in net assets	163,267	12,000	175,267	64,019	-	64,019
Net assets, beginning of year	268,715	-	268,715	204,696	-	204,696
Net assets, end of year	<u>\$ 431,982</u>	<u>\$ 12,000</u>	<u>\$ 443,982</u>	<u>\$ 268,715</u>	<u>\$ -</u>	<u>\$ 268,715</u>

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services			Total Program Expenses	Supporting Services	
	Marketing and Promotion	Security	Sanitation		Management and General	Total Expenses
Personnel costs:						
Executive salaries	\$ 42,941	\$ 4,294	\$ 4,294	\$ 51,529	\$ 34,352	\$ 85,881
Staff salaries	-	45,330	10,766	56,096	566	56,662
Payroll taxes	3,108	3,591	1,090	7,789	3,867	11,656
Consultants and contractors	5,706	57,118	81,970	144,794	8,340	153,134
Total personnel costs	<u>51,755</u>	<u>110,333</u>	<u>98,120</u>	<u>260,208</u>	<u>47,125</u>	<u>307,333</u>
Direct expenses:						
Depreciation	-	-	-	-	1,608	1,608
Donations	16,000	-	-	16,000	-	16,000
Equipment	-	-	-	-	3,851	3,851
Event costs	42,017	-	-	42,017	-	42,017
Holiday lights	28,320	-	-	28,320	-	28,320
Insurance	-	-	-	-	4,273	4,273
Office supplies and expenses	-	-	-	-	7,045	7,045
Printing and reproduction	-	-	-	-	1,320	1,320
Professional fees	36,000	-	-	36,000	7,815	43,815
Program supplies	-	-	899	899	-	899
Promotion	70,672	-	-	70,672	-	70,672
Rent and utilities	-	-	-	-	26,777	26,777
Telephone and communications	-	-	-	-	5,051	5,051
Total direct expenses	<u>193,009</u>	<u>-</u>	<u>899</u>	<u>193,908</u>	<u>57,740</u>	<u>251,648</u>
Total expenses	<u>\$ 244,764</u>	<u>\$ 110,333</u>	<u>\$ 99,019</u>	<u>\$ 454,116</u>	<u>\$ 104,865</u>	<u>\$ 558,981</u>

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
Donations	3,223	-	-	3,223	-	3,223
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	-	-	-	-	9,187	9,187
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>124,979</u>	<u>-</u>	<u>1,267</u>	<u>126,246</u>	<u>67,157</u>	<u>193,403</u>
Total expenses	<u>\$ 210,317</u>	<u>\$ 110,048</u>	<u>\$ 94,923</u>	<u>\$ 415,288</u>	<u>\$ 115,367</u>	<u>\$ 530,655</u>

See accompanying notes to the financial statements.

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 175,267	\$ 64,019
Adjustments for non-cash items included in operating activities:		
Bad debt	-	3,625
Depreciation	1,608	1,563
Changes in assets and liabilities:		
Contributions and other receivables	(87,839)	3,304
Prepaid expenses	(3,266)	(1,509)
Accounts payable and accrued expenses	(3,434)	(6,624)
Deferred revenue	(10,501)	(800)
Net cash provided/(used) by operating activities	71,835	63,578
Cash flows from investing activities:		
Purchase of property and equipment	(223)	(563)
Net cash provided/(used) by investing activities	(223)	(563)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	71,612	63,015
Cash at beginning of year	260,234	197,219
Cash at end of year	\$ 331,846	\$ 260,234

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 contributions, government grants, and 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 retaining and developing 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.

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.

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 receivables.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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. Program service generally contains a single delivery/service element and revenue is recognized at a single point in time when ownership, risks and rewards transfer, and all performance obligations are considered to be satisfied. 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 refundable advances in the statements of financial position. As of June 30, 2022 and 2021, 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 for a purpose 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 entities. 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.

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

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 18,313	\$ 18,313
Furniture and fixtures	6,178	5,955
Less: Accumulated depreciation	(21,075)	(19,467)
	<u>\$ 3,416</u>	<u>\$ 4,801</u>

Note 3 - Government Grants

During the years ended June 30, 2022 and 2021, the Association was awarded grants by The City of New York. Total revenue recognized under the grants during the years ended June 30, 2022 and 2021 amounted to \$130,331 and \$50,000, respectively.

Note 4 - Contributions In-Kind

The Organization received in-kind contributions that met the criteria for being recognized in accordance with GAAP. For the years ended December 31, 2022 and 2021, \$36,000 and \$18,000, respectively, was recognized in the statements of activities.

In-kind contributions received during fiscal years 2022 and 2021 consisted of lobbying services which were used to address issues affecting the BID. The valuation technique used by the Organization to value the lobbying services is based on rates charged to unrelated parties for similar services.

The in-kind contributions received during fiscal years 2022 and 2021 did not have any donor-imposed restrictions.

Note 5 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during fiscal years 2022 and 2021 was fully earned in the same annual reporting period with no allowance for returns. Detail of revenue from contracts with customers during the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Publications	\$ 12,594	\$ 11,935
Event journal and space rental	38,199	800

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

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, 2022 and 2021.

Note 7 - Litigation

The Association is named as a defendant in a lawsuit related to a slip and fall incident 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. The incident is covered by the Association's insurance policy so in the event there is a judgement against the Association, the only liability would be the policy deductible.

Note 8 - Net Assets With Donor Restrictions

As of June 30, 2022 and 2021, net assets with donor restrictions are available as follows:

	2022	2021
FY23 programmatic activities	\$ 12,000	\$ -

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, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2022	2021
Financial assets:		
Cash	\$ 331,846	\$ 260,234
Receivables	110,668	22,829
Total financial assets	442,514	283,063
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 442,514	\$ 283,063

**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 sales proceeds. During the years ended June 30, 2022 and 2021, contributions to the Association relating to this agreement totaled \$76,039 and \$71,774, respectively.

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through November 10, 2022 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, 2022 and 2021, and have issued our report thereon dated November 10, 2022, 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 is 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
November 10, 2022

**BELMONT DISTRICT MANAGEMENT ASSOCIATION
SCHEDULE OF EXPENDITURES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2022**

	<u>Total</u>	<u>Less</u>	<u>Net</u>	<u>Budget</u>
	<u>Expenditures</u>	<u>In-Kind</u>	<u>Expenses</u>	
Executive salaries	\$ 85,881	\$ -	\$ 85,881	\$ 93,000
Staff salaries	56,662	-	56,662	50,000
Payroll taxes	11,656	-	11,656	12,000
Consultants and contractors	153,134	-	153,134	142,630
Depreciation	1,608	-	1,608	-
Donations	16,000	-	16,000	5,000
Equipment	3,851	-	3,851	20,000
Event costs	42,017	-	42,017	50,811
Holiday lights	28,320	-	28,320	35,820
Insurance	4,273	-	4,273	4,000
Office supplies and expenses	7,045	-	7,045	11,475
Printing and reproduction	1,320	-	1,320	1,300
Professional fees	43,815	(36,000)	7,815	12,500
Program supplies	899	-	899	1,500
Promotion	70,672	-	70,672	93,530
Rent & utilities	26,777	-	26,777	26,960
Telephone and communications	5,051	-	5,051	6,426
Travel and meetings	-	-	-	600
Total expenditures	\$ 558,981	\$ (36,000)	\$ 522,981	\$567,552