

Montague Street District Management Association, Inc.

Financial Statements

June 30, 2011

and

June 30, 2010

Montague Street District Management Association, Inc.

June 30, 2011

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Independent Auditor's Report

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

We have audited the accompanying Statements of Financial Position of the **Montague Street District Management Association, Inc.** (a not-for-profit organization) as of June 30, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the fiscal years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Montague Street District Management Association, Inc.** as of June 30, 2011 and 2010, and the changes in nets assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of functional expenses on pages 5 and 6 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Colabella & Company, LLP
Brooklyn, New York
September 27th, 2011

Montague Street District Management Association, Inc.
(a not-for-profit organization)
Statements of Financial Position
June 30, 2011 and 2010

	<u>Assets</u>	
	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and cash equivalents	\$ 56,737	\$ 46,686
Prepaid expenses	2,833	968
Total Current Assets:	<u>59,570</u>	<u>47,654</u>
Total Assets	<u>\$ 59,570</u>	<u>\$ 47,654</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable & accrued expenses	\$ 5,765	\$ 3,485
Total Liabilities	<u>5,765</u>	<u>3,485</u>
Net Assets:		
Unrestricted	53,805	44,169
Temporarily restricted	-	-
Permanently restricted	-	-
Total Net Assets	<u>53,805</u>	<u>44,169</u>
Total Liabilities and Net Assets	<u>\$ 59,570</u>	<u>\$ 47,654</u>

See accompanying notes to financial statements

Montague Street District Management Association, Inc.
(a not-for-profit organization)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total For the Year Ended June 30, 2011</u>	<u>Total For the Year Ended June 30, 2010</u>
Support and Revenue:					
BID Assessments-NYCDSBS	\$ 175,000	\$ -	\$ -	\$ 175,000	\$ 175,000
Interest income	131	-	-	131	107
Total Support and Revenue	<u>175,131</u>	<u>-</u>	<u>-</u>	<u>175,131</u>	<u>175,107</u>
Expenses:					
Program services	98,131	-	-	98,131	87,430
Management & general	67,364	-	-	67,364	67,095
Fundraising	-	-	-	-	-
Total Expenses	<u>165,495</u>	<u>-</u>	<u>-</u>	<u>165,495</u>	<u>154,525</u>
Changes in Net Assets	9,636	-	-	9,636	20,582
Net Assets - Beginning	<u>44,169</u>	<u>-</u>	<u>-</u>	<u>44,169</u>	<u>23,587</u>
Net Assets - Ending	<u>\$ 53,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,805</u>	<u>\$ 44,169</u>

See accompanying notes to financial statements

Montague Street District Management Association, Inc.
(a not-for-profit organization)
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	For the Year Ended June 30, 2011	For the Year Ended June 30, 2010
Operating Activities:		
Changes in net assets	\$ 9,636	\$ 20,582
Adjustments to reconcile increase (decrease) to cash provided (used) by operating activities		
(Increase) decrease in operating assets:		
Prepaid expenses	(1,865)	(20)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>2,280</u>	<u>(463)</u>
Net cash provided by operating activities	<u>10,051</u>	<u>20,099</u>
Investing Activities:		
None	<u>-</u>	<u>-</u>
Financing Activities:		
None	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	10,051	20,099
Cash and cash equivalents - beginning of period	<u>46,686</u>	<u>26,587</u>
Cash and cash equivalents - end of period	<u>\$ 56,737</u>	<u>\$ 46,686</u>
Supplemental Disclosures:		
None		

See accompanying notes to financial statements

Montague Street District Management Association, Inc.
(a not-for-profit organization)
Statements of Functional Expenses
For the Year Ended June 30, 2011
(with comparative totals for the year ended June 30, 2010)

	<u>Program Services</u>				<u>Total Program Services</u>	<u>Support Services</u>		<u>Total for the Year Ended June 30, 2011</u>	<u>Total for the Year Ended June 30, 2010</u>
	<u>Street Maintenance</u>	<u>Trees, Flowers and Street Beautification</u>	<u>Special Events</u>	<u>Marketing and Promotion</u>		<u>Management and General</u>	<u>Fundraising</u>		
Expenses:									
Outside services	\$ 47,044	\$ 16,795	\$ -	\$ -	\$ 63,839	\$ 40	\$ -	\$ 63,879	\$ 64,104
Payroll	-	-	-	-	-	41,665	-	41,665	43,969
Payroll taxes	-	-	-	-	-	3,558	-	3,558	3,791
Payroll service	-	-	-	-	-	1,858	-	1,858	1,662
Supplies and materials	-	8,317	5,664	17,662	31,643	-	-	31,643	22,534
Occupancy	-	-	-	-	-	9,180	-	9,180	9,150
Professional fees	-	-	-	-	-	3,709	-	3,709	3,450
Telephone and internet	-	-	-	-	-	1,895	-	1,895	1,991
Office supplies and expenses	-	-	-	-	-	2,776	-	2,776	1,126
Insurance	-	-	-	-	-	1,490	-	1,490	1,225
Printing and publications	-	-	-	-	-	407	-	407	114
Newsletter and website expenses	-	-	-	540	540	-	-	540	348
Licenses, permits and filing fees	-	-	-	-	-	35	-	35	140
Meeting expenses	-	-	-	-	-	435	-	435	250
Advertising, marketing and promotion	-	-	-	2,109	2,109	-	-	2,109	464
Postage	-	-	-	-	-	192	-	192	137
Contributions	-	-	-	-	-	124	-	124	70
Total Expenses:	\$ 47,044	\$ 25,112	\$ 5,664	\$ 20,311	\$ 98,131	\$ 67,364	\$ -	\$ 165,495	\$ 154,525

See accompanying notes to financial statements

Montague Street District Management Association, Inc.
(a not-for-profit organization)
Statement of Functional Expenses
For the Year Ended June 30, 2010

	<u>Program Services</u>				<u>Total Program Services</u>	<u>Support Services</u>		<u>Total for the Year Ended June 30, 2010</u>
	<u>Street Maintenance</u>	<u>Trees, Flowers and Street Beautification</u>	<u>Special Events</u>	<u>Marketing and Promotion</u>		<u>Management and General</u>	<u>Fundraising</u>	
Expenses:								
Outside services	\$ 46,848	\$ 17,236	\$ -	\$ -	\$ 64,084	\$ 20	\$ -	\$ 64,104
Payroll	-	-	-	-	-	43,969	-	43,969
Payroll taxes	-	-	-	-	-	3,791	-	3,791
Payroll service	-	-	-	-	-	1,662	-	1,662
Supplies and materials	-	2,417	2,973	17,144	22,534	-	-	22,534
Occupancy	-	-	-	-	-	9,150	-	9,150
Professional fees	-	-	-	-	-	3,450	-	3,450
Telephone and internet	-	-	-	-	-	1,991	-	1,991
Office supplies and expenses	-	-	-	-	-	1,126	-	1,126
Insurance	-	-	-	-	-	1,225	-	1,225
Printing and publications	-	-	-	-	-	114	-	114
Newsletter and website expenses	-	-	-	348	348	-	-	348
Licenses, permits and filing fees	-	-	-	-	-	140	-	140
Meeting expenses	-	-	-	-	-	250	-	250
Advertising, marketing and promotior	-	-	-	464	464	-	-	464
Postage	-	-	-	-	-	137	-	137
Contributions	-	-	-	-	-	70	-	70
Total Expenses:	<u>\$ 46,848</u>	<u>\$ 19,653</u>	<u>\$ 2,973</u>	<u>\$ 17,956</u>	<u>\$ 87,430</u>	<u>\$ 67,095</u>	<u>\$ -</u>	<u>\$ 154,525</u>

See accompanying notes to financial statements

Montague Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2011

Note 1 – Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

The Montague Street District Management Association, Inc. was incorporated in the State of New York on February 3, 1998 as a not-for-profit organization to promote commercial revitalization along Montague Street in Brooklyn, New York. The business improvement district (BID) runs from 78 Montague Street to 200 Montague Street and provides supplemental services and initiates 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.

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 in its Statement of Financial Accounting Standards (SFAS) no. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, 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, 2011 and 2010.

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, 2011 and 2010.

Montague Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2011

Note 1 – Nature of Organization and 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.

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.

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 Montague 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 Montague Street District Management Association, Inc. has received a determination from the Internal Revenue Service that they are exempt from federal income taxes as an organization under section 501(c)(3) of the Internal Revenue Code and is a publicly supported charity as provided in Section 509(a)(1). The organization is also registered with the New York State Charities Bureau. As a result, no provision for income taxes has been made in these financial statements.

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, 2010, from which the summarized information was derived.

Montague Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2011

Note 2 – Concentration of Credit Risk

The federal deposit insurance coverage (FDIC) temporarily increased its limits from \$100,000 to \$250,000 on October 3, 2008. This increased coverage is set to expire December 31, 2013. At June 30, 2011 and 2010 the organization did not have any deposits which exceeded the FDIC coverage.

Note 3 – 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 Montague Street District Management Association to provide 78 Montague Street through 200 Montague Street with community improvements, including improving environmental conditions, increasing public safety and supplementing social services. The City renewed its contract with the Montague Street District Management Association, Inc. for a five-year term beginning July 1, 2008 and extending until June 30, 2013. Under the contract 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 total assessments awarded by the City of New York, for the fiscal years ended June 30, 2011 and 2010, were \$175,000 each year.

Note 4 – Contingency

The Montague Street District Management Association is dependent on assessments against property in the district collected by the NYC Dept of Finance. Any change in this level of support could materially impact the ability of the Montague Street District Management Association to continue to provide its services.

Note 5 – Street Maintenance Contract

The Montague Street District Management Association has entered into a contract for street maintenance services with The Doe Fund, Inc beginning on August 1, 2008 and ended July 31, 2010, at which time the contract was renewed. The annual fee of \$44,928 was billed in 12 equal monthly installments of \$3,744. In June, July and August of each year additional hours were provided at an additional fee of \$640.08 each month for those three months.

The contract for street maintenance services with The Doe Fund, Inc. was renewed for the period beginning on August 1, 2010 and ending July 31, 2012. The annual fee of \$45,827 will be billed in 12 equal monthly installments of \$3,819. In June, July and August of each year additional hours will be provided at an additional fee of \$652.68 each month for those three months.

Street maintenance fees for the period ended June 30, 2011 and 2010 were \$47,045 and \$46,848, respectively.

Montague Street District Management Association, Inc.
Notes to Financial Statements
June 30, 2011

Note 6 – Office Space Agreement

The Montague Street District Management Association has an agreement to rent office space on a month-to-month basis for a monthly fee of \$750 per month beginning on October 1, 2008. On September 1, 2010 the monthly fee was increased to \$765 per month and remains on a month-to-month basis.

Rent expense for the fiscal years ended June 30, 2011 and 2010 was \$9,180 and \$9,150, respectively.

Note 7 – Shared Chairs and Tables Agreement

The Montague Street District Management Association has an agreement with the Court-Livingston-Schermerhorn District Management Association for shared use of chairs and tables donated by the NYC Department of Transportation. The Montague Street DMA was given 80 chairs and 20 tables by the NYCDOT for use by the organization. These chairs and tables are combined with the Court-Livingston-Schermerhorn's chairs and tables for utilization in Columbus Park and the plaza outside Borough Hall as part of the Summer Streets program. The current agreement calls for the shared use of the chairs and tables from April 2011 through October 2011.