

**FORDHAM ROAD DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2011 AND 2010

FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2011 and 2010	2
Statements of activities for the years ended June 30, 2011 and 2010	3
Statements of cash flows for the years ended June 30, 2011 and 2010	4
Notes to financial statements	5 - 8
 <u>Supplementary Financial Information</u>	
Independent Auditors' Report on Supplementary Information	9
Schedule of functional expenses for the year ended June 30, 2011 with comparative totals for 2010	10
Schedule of expenses and budget for the year ended June 30, 2011	11



Skody Scot & Company, CPAs, P.C.

352 Seventh Avenue, 9th Floor, New York, NY 10001 • (T) 212-967-1100 • (F) 212-967-2002
www.skodyscot.com

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Fordham Road District Management Association, Inc.

We have audited the accompanying statements of financial position of Fordham Road District Management Association, Inc. as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fordham Road District Management Association, Inc. at June 30, 2011 and 2010, and the results of its activities and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Skody Scot & Company, CPAs, PC

October 18, 2011

FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 24,499	\$ 21,900
Grants and program revenue receivable	7,950	20,000
Prepaid expenses	230	230
Security deposits and other assets	9,345	9,345
Total assets	\$ 42,024	\$ 51,475

LIABILITIES AND NET ASSETS

Liabilities:		
Accrued expenses and other liabilities	\$ 57,050	\$ 53,667
Total liabilities	57,050	53,667
Commitments and contingencies (see notes)		
Net Assets/(Deficit):		
Unrestricted	(15,026)	(2,192)
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets/(deficit)	(15,026)	(2,192)
Total liabilities and net assets/(deficit)	\$ 42,024	\$ 51,475

See accompanying notes to financial statements.

FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Support and Revenues:		
Unrestricted:		
Assessment revenue	\$ 500,000	\$ 500,000
Program service revenue	1,530	-
Contributions	51,656	32,150
Contributions in-kind	10,625	12,000
Government grants	35,000	45,000
Interest income	360	950
Total support and revenues	<u>599,171</u>	<u>590,100</u>
Expenses:		
Program Expenses:		
Marketing and promotion	232,904	245,093
Sanitation	258,877	253,296
Public safety	7,575	12,956
Total program expenses	<u>499,356</u>	<u>511,345</u>
Management and general	112,649	114,672
Total expenses	<u>612,005</u>	<u>626,017</u>
Increase/(Decrease) In Net Assets:		
Unrestricted	(12,834)	(35,917)
Temporarily restricted	-	-
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>(12,834)</u>	<u>(35,917)</u>
Net assets/(deficit), beginning of year	<u>(2,192)</u>	<u>33,725</u>
Net assets/(deficit), end of year	<u>\$ (15,026)</u>	<u>\$ (2,192)</u>

See accompanying notes to financial statements.

FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (12,834)	\$ (35,917)
Adjustments for non-cash items included in operating activities:		
Depreciation	-	721
Changes in assets and liabilities:		
Accrued expenses and other liabilities	3,383	6,408
Grants and program revenue receivable	12,050	(20,000)
Net cash provided/(used) by operating activities	<u>2,599</u>	<u>(48,788)</u>
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	2,599	(48,788)
Cash and cash equivalents, at beginning of year	<u>21,900</u>	<u>70,688</u>
Cash and cash equivalents, at end of year	<u>\$ 24,499</u>	<u>\$ 21,900</u>

See accompanying notes to financial statements.

FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Association

Fordham Road District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on May 24, 2005. The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. 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 Fordham Road Business Improvement District (BID). The BID's boundaries are approximately from Third Avenue to Jerome Avenue along Fordham Road.

The Association's programs include the following: Sanitation - maintaining clean streets/curbs/sidewalks and garbage removal; Marketing & Promotion - promoting the district to residents and tourists and to retain and develop prospective businesses; and Public Safety - a pilot program during the holiday season to provide increased public security through a combination of uniformed guards and a working relationship with the New York City Police Department.

Basis of Financial Statements

The Association maintains its books of account on the cash basis of accounting. For financial reporting purposes, the accounts have been adjusted to reflect revenues earned, but not collected, and costs incurred, but not paid, in order to conform with generally accepted accounting principles.

In accordance with GAAP the Association 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. In addition, the Association is required to present a statement of cash flows.

Management uses estimates and assumptions in preparing 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 Flows

Cash receipts and payments are classified according to operating, investing, and financing activities. Only investments with maturities of three months or less are classified as cash equivalents.

FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

Depreciation of furniture and equipment is computed by the straight-line method over estimated useful lives ranging from three to ten 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.

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.

Program service revenue relates to fees received in exchange for program services and mainly includes payments related to banner sponsorship. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

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 temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Basis of Functional Expenses

The Association allocates salaries based on estimated time and other expenses are allocated based on usage.

Management and General Expenses

The Association classifies expenses, which are not directly related to a specific program, as management and general expenses.

**FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Advertising Costs

The Association uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred. During fiscal years 2011 and 2010, advertising costs totaled \$28,611 and \$28,755, respectively.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Checking	\$ 1,906	\$ 1,110
Money market funds	<u>22,593</u>	<u>20,790</u>
	<u>\$ 24,499</u>	<u>\$ 21,900</u>

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Equipment	3,597	3,597
Less: Accumulated depreciation	<u>(3,597)</u>	<u>(3,597)</u>
	<u>\$ -</u>	<u>\$ -</u>

Note 4 - Commitments and Contingencies

The Association leases office space under a non-cancelable operating lease. Total rent expense charged to operations for the years ended June 30, 2011 and 2010 was \$28,491 and \$28,297, respectively. As of June 30, 2011, the minimum aggregate annual rentals are as follows:

Year ending June 30, 2012	\$ 13,632
---------------------------	-----------

FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 5 – Government Grants

In October 2009 the Association was awarded a grant by The State of New York Department of State. The grant provides \$5,000 for the printing of marketing publications, and for community events. The Association expended the entire grant amount during the year ended June 30, 2010.

In December 2009 the Association was awarded a grant by The New York City Department of Small Business Services. The grant, which was amended in January 2010, provides \$40,000 for commercial revitalization. The Association expended the entire grant amount during the year ended June 30, 2010.

In December 2010 the Association was awarded a grant by The New York City Department of Small Business Services. The grant, which was amended in January 2011, provides \$35,000 for commercial revitalization. The Association expended the entire grant amount during the year ended June 30, 2011.

Note 6 – Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through October 18, 2011, which is the date the financial statements were available to be issued.

The Association increased its assessment revenue to \$625,000 during fiscal year June 2012, in order to restore net assets and cover increased operating expenses.



Skody Scot & Company, CPAs, P.C.

352 Seventh Avenue, 9th Floor, New York, NY 10001 • (T) 212-967-1100 • (F) 212-967-2002
www.skodyscot.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of
Fordham Road District Management Association, Inc.

We have audited the financial statements of Fordham Road District Management Association, Inc. as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated October 18, 2011, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and expenses and budget are presented for the purposes 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 audits 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 U.S. generally accepted auditing standards. 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

October 18, 2011

FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE TOTALS FOR 2010

	2011					2010
	Marketing & Promotion	Program Expenses			Management and General	Total Expenses
	Sanitation	Public Safety	Total Program	Total Expenses	Total Expenses	
Personnel costs:						
Salaries	\$ 103,833	\$ 23,962	\$ -	\$ 127,795	\$ 167,779	
Payroll taxes and benefits	28,977	6,687	-	35,664	44,580	
Outside contractors	-	222,530	7,575	230,105	230,105	
Total personnel costs	132,810	253,179	7,575	393,564	442,464	
Direct expenses:						
Advertising	28,611	-	-	28,611	28,611	
Insurance	-	-	-	10,469	10,469	
Depreciation	-	-	-	-	721	
Rent and utilities	-	5,698	-	22,793	28,491	
Office expenses	-	-	-	4,232	3,019	
Postage and messengers	-	-	-	3,752	3,994	
Printing	-	-	-	388	543	
Professional fees	-	-	-	11,550	10,050	
Project expenses	48,298	-	-	48,298	32,461	
Equipment	-	-	-	2,842	3,065	
Supplies	23,185	-	-	23,185	42,218	
Dues, books & subscriptions	-	-	-	2,015	2,260	
Telephone	-	-	-	5,134	6,202	
Total direct expenses	100,094	5,698	-	105,792	169,541	
Total expenses	\$ 232,904	\$ 258,877	\$ 7,575	\$ 499,356	\$ 612,005	

FORDHAM ROAD DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2011

	<u>Total Expenses</u>	<u>Budget</u>
Personnel costs:		
Salaries	\$ 167,779	\$ 163,000
Payroll taxes and benefits	44,580	42,925
Outside contractors	230,105	218,000
Total personnel costs	<u>442,464</u>	<u>423,925</u>
Direct expenses:		
Advertising	28,611	10,000
Capital improvements	-	125,000
Insurance	10,469	12,000
Rent and utilities	28,491	28,000
Office expenses	4,232	2,325
Postage and messengers	3,752	2,500
Printing	388	500
Professional fees	11,550	12,000
Project expenses	48,298	35,000
Equipment	2,842	3,000
Supplies	23,759	35,750
Dues, books & subscriptions	2,015	-
Telephone	5,134	3,500
Total direct expenses	<u>169,541</u>	<u>269,575</u>
Total expenses	<u>\$ 612,005</u>	<u>\$ 693,500</u>

* Note - The budget does not include in-kind expenses of \$10,625