

**NOHO NY DISTRICT MANAGEMENT
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2015 AND 2014

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
NOHO NY District Management Association, Inc.

We have audited the accompanying financial statements of NOHO NY District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities 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 NOHO NY District Management Association, Inc. as of June 30, 2015 and 2014, 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
December 10, 2015

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 235,464	\$ 270,922
Government grants receivable	5,000	-
Accounts receivable	150	-
Prepaid expenses	4,139	1,572
Security deposits	15,680	15,680
Total assets	\$ 260,433	\$ 288,174

LIABILITIES AND NET ASSETS

Liabilities:		
Accrued expenses	\$ 41,991	\$ 38,343
Loans payable	3,500	3,500
Total liabilities	45,491	41,843
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	214,942	246,331
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	214,942	246,331
Total liabilities and net assets	\$ 260,433	\$ 288,174

See accompanying notes to financial statements.

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Support and Revenues:		
Unrestricted:		
Assessment revenue	\$ 540,000	\$ 540,000
Program service revenue	17,255	-
Government grants	5,000	-
Interest and other income	635	582
Total support and revenues	562,890	540,582
Expenses:		
Program Expenses:		
Security	46,573	43,228
Sanitation	232,287	220,214
Marketing	68,799	26,374
New initiatives	36,303	50,114
Public improvements	11,006	5,234
Total program expenses	394,968	345,164
Management and general	199,311	177,536
Total expenses	594,279	522,700
Increase/(Decrease) In Net Assets:		
Unrestricted	(31,389)	17,882
Temporarily restricted	-	-
Permanently restricted	-	-
Increase/(decrease) in net assets	(31,389)	17,882
Net assets, beginning of year	246,331	228,449
Net assets, end of year	\$ 214,942	\$ 246,331

See accompanying notes to financial statements.

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (31,389)	\$ 17,882
Adjustments for non-cash items included in operating activities	-	-
Changes in assets and liabilities:		
Accrued expenses	3,648	(9,131)
Government grants receivable	(5,000)	-
Accounts receivable	(150)	-
Prepaid expenses	(2,567)	1,007
Net cash provided/(used) by operating activities	(35,458)	9,758
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(35,458)	9,758
Cash and cash equivalents at beginning of year	270,922	261,164
Cash and cash equivalents at end of year	\$ 235,464	\$ 270,922

See accompanying notes to financial statements.

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Association

NOHO NY District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on December 23, 1996. 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 NOHO NY Business District (BID). The BID's boundaries are approximately from Mercer Street to Lafayette Street, and Houston Street to Astor Place. The Association is considering expanding its boundaries. Expansion related expenses will be reimbursed to the Association by the members located in the expansion area.

The Association's programs include the following: Security - providing increased public security through a combination of uniformed guards and a working relationship with the New York City Police Department; Sanitation - maintaining clean streets/curbs and garbage and graffiti removal; Marketing - promoting the district to residents and tourists and retaining and developing prospective businesses; New Initiatives - developing new programs and expansion of the BID; and Public Improvements - improving the overall appearance of the district through a combination of beautification and other projects.

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.

Basis of Presentation

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.

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.

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

In accordance with grant provisions, grants are recorded as revenue when earned, either through expenditure or accomplishment of a specific goal or benchmark. All unreimbursed expenses as of the period-end are recorded as grant receivable and all advanced funds not expended are recorded as refundable advances.

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 schedule of functional 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 are allocated based on usage. The Association classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
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 three years or more. Property and equipment are stated at cost, less accumulated depreciation. 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 depreciated 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 charged as an expense, and major renewals and betterments are capitalized.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Checking and savings	\$ 41,844	\$ 61,910
Money market funds	<u>193,620</u>	<u>209,012</u>
	<u>\$ 235,464</u>	<u>\$ 270,922</u>

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 2,550	\$ 2,550
Less: Accumulated depreciation	<u>(2,550)</u>	<u>(2,550)</u>
	<u>\$ -</u>	<u>\$ -</u>

Note 4 - Commitments, Contingencies and Related Party

The Association leases office space under a non-cancelable operating lease from a boardmember (at below fair-market value). As of June 30, 2015 minimum aggregate annual rentals are as follows:

Year ended June 30, 2016	\$ 54,693
2017	56,881

Total rent and utilities expenses charged to operations for the years ended June 30, 2015 and 2014 was \$63,001 and \$59,870, respectively.

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 4 - Commitments, Contingencies and Related Party (Continued)

The Association maintains its checking, savings and money market accounts with financial institutions. Balances that exceed the Federal Deposit Insurance Corporation insurance coverage are summarized for the years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Institution balances	\$238,693	\$276,166
Less: Amounts covered	(238,693)	(259,974)
Uninsured amounts	\$ -	\$ 16,192

Note 5 - Loan Payable

In December 2010, Cooper Square Associates LP agreed to lend the Association \$3,500 for BID district expansion. The loan is unsecured, and is not interest bearing. The loan, which has no set maturity date, is payable upon demand. The loan had an outstanding balance of \$3,500 as of June 30, 2015 and 2014.

Note 6 - Fundraising Activities

The Association does not engage in any organized fundraising activity internally but does solicit funds in an informal manner. The costs associated with the fundraising component of these joint activities are deemed negligible, and as such, have not been identified on the accompanied financial statements.

Note 7 - Government Grants

During the year ended June 30, 2015, the Association was awarded a grant by The City of New York. The grant allows expense reimbursement of up to \$5,000. Total expenditures under the grant during the year ended June 30, 2015 were \$5,000.

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through December 10, 2015, which is the date the financial statements were available to be issued.



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of
NOHO NY District Management
Association, Inc.

We have audited the financial statements of NOHO NY District Management Association, Inc. as of and for the years ended June 30, 2015 and 2014, and have issued our report thereon dated December 10, 2015, 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 schedules of functional expenses, and expenses 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.

New York, NY
December 10, 2015

Skody Scot & Company, CPAs, PC

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015							2014	
	Program Expenses					Supporting		Total Expenses	Total Expenses
	Security	Sanitation	Marketing	New Initiatives	Public Improvements	Total Program Expenses	Management and General		
Staff salaries	\$ 7,361	\$ 14,723	\$ 22,084	\$ 22,084	\$ -	\$ 66,252	\$ 75,776	\$142,028	\$ 142,080
Payroll taxes and benefits	625	1,249	1,874	1,874	-	5,622	6,426	12,048	11,302
Outside contractors	36,540	215,608	-	12,090	-	264,238	-	264,238	264,891
Rent and utilities	-	-	-	-	-	-	63,001	63,001	59,870
Telephone	-	-	-	-	-	-	2,996	2,996	2,494
Insurance	-	-	-	-	-	-	2,522	2,522	4,932
Office expenses	552	707	-	-	-	1,259	24,875	26,134	12,663
Professional fees	-	-	-	-	-	-	21,259	21,259	18,149
Project expenses	1,495	-	12,341	255	11,006	25,097	-	25,097	6,319
Travel and meetings	-	-	-	-	-	-	2,456	2,456	-
Website design	-	-	32,500	-	-	32,500	-	32,500	-
Total expenses	\$ 46,573	\$ 232,287	\$ 68,799	\$ 36,303	\$ 11,006	\$ 394,968	\$ 199,311	\$594,279	\$ 522,700

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2015

	<u>Total Expenses</u>	<u>Budget</u>
Staff salaries	\$ 142,028	\$ 146,000
Payroll taxes and benefits	12,048	14,600
Outside contractors	264,238	242,000
Rent and utilities	63,001	58,000
Telephone	2,996	3,000
Insurance	2,522	5,500
Office expenses	26,134	18,500
Professional fees	21,259	23,000
Project expenses	25,097	25,000
Travel and meetings	2,456	-
Website design	32,500	20,000
Total expenses	<u>\$ 594,279</u>	<u>\$ 555,600</u>