

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**JUNE 30, 2009 AND 2008**

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.**

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## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of  
Flatiron/23<sup>rd</sup> Street Partnership  
District Management Association, Inc.

We have audited the accompanying statements of financial position of Flatiron/23<sup>rd</sup> Street Partnership District Management Association, Inc. as of June 30, 2009 and 2008, 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 Flatiron/23<sup>rd</sup> Street Partnership District Management Association, Inc. at June 30, 2009 and 2008, 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*

September 23, 2009

**FLATIRON/23RD STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2009 AND 2008**

<b>ASSETS</b>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 693,659	\$ 1,009,082
Contributions receivable	-	7,700
Prepaid expenses	8,030	9,681
Investment, net	399,380	-
Property and equipment, net	7,028	14,399
Organization costs, net	48,400	72,600
Security deposits	11,587	11,557
Total assets	<u>\$ 1,168,084</u>	<u>\$ 1,125,019</u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accrued expenses	\$ 89,857	\$ 82,255
Total liabilities	<u>89,857</u>	<u>82,255</u>
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	1,078,227	1,042,764
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	<u>1,078,227</u>	<u>1,042,764</u>
Total liabilities and net assets	<u>\$ 1,168,084</u>	<u>\$ 1,125,019</u>

**See accompanying notes to financial statements.**

**FLATIRON/23RD STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Support and Revenues:</b>		
Unrestricted:		
Assessment revenue	\$ 1,600,000	\$ 1,600,000
Contributions	134,014	118,050
Contributions in-kind	12,000	19,900
Investment income	17,001	42,141
Total support and revenues	<u>1,763,015</u>	<u>1,780,091</u>
<b>Expenses:</b>		
Program Expenses:		
Safety	270,952	275,380
Sanitation	533,082	573,313
Marketing	292,959	282,104
Social services	74,409	65,781
Public improvements	282,766	72,718
Total program expenses	<u>1,454,168</u>	<u>1,269,296</u>
Management and general	257,777	252,479
Fundraising	15,607	9,507
Total expenses	<u>1,727,552</u>	<u>1,531,282</u>
<b>Increase/(Decrease) In Net Assets:</b>		
Unrestricted	35,463	248,809
Temporarily restricted	-	-
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>35,463</u>	<u>248,809</u>
Net assets, beginning of year	<u>1,042,764</u>	<u>793,955</u>
Net assets, end of year	<u>\$ 1,078,227</u>	<u>\$ 1,042,764</u>

See accompanying notes to financial statements.

**FLATIRON/23RD STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 35,463	\$ 248,809
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	31,571	31,571
Unrealized holding (gains)/losses	105	-
Changes in assets and liabilities:		
Contributions receivable	7,700	(1,100)
Prepaid expenses	1,651	362
Security deposits	(30)	-
Accrued expenses	7,602	17,731
Net cash provided/(used) by operating activities	<u>84,062</u>	<u>297,373</u>
Cash flows from investing activities:		
Purchase of investments	(2,256,485)	-
Sale of investments	1,857,000	-
Net cash provided/(used) by investing activities	<u>(399,485)</u>	<u>-</u>
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	(315,423)	297,373
Cash and cash equivalents, at beginning of year	1,009,082	711,709
Cash and cash equivalents, at end of year	<u>\$ 693,659</u>	<u>\$ 1,009,082</u>

**See accompanying notes to financial statements.**

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Association

Flatiron/23<sup>rd</sup> Street Partnership District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on April 11, 2006. 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 Flatiron/23<sup>rd</sup> Street Business Improvement District (BID). The BID's boundaries are approximately from 21<sup>st</sup> to 28<sup>th</sup> Streets and from Sixth Avenue up to, but not including, Third Avenue.

The Association's programs include the following: Safety – 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/sidewalks and graffiti removal; Marketing - promoting the district to residents and tourists and to retain and develop prospective businesses; Social Services - coordinates and interacts with other social service organizations, including homeless outreach, located in the district; and Public Improvements – developing and implementing improvements to the district such as neighborhood beautification and other capital projects.

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 (formerly SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*) 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.

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
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.

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.

Assessment Revenue

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 equal 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

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Organization Costs

Organization costs are stated at cost and amortized on a straight-line basis over five years. Total organization costs amounted to \$121,000 at inception.

Restricted Assets

All net assets of the Association are unrestricted, however, the Finance Committee of the Board of Directors created a capital reserve fund with \$600,000 for future Public Improvement projects.



**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 2 – Cash and Cash Equivalents**

Cash and cash equivalents consisted of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Cash	\$ 67,072	\$ 20,702
Money fund	26,665	988,380
Treasury bills	<u>599,922</u>	<u>-0-</u>
	<u>\$ 693,659</u>	<u>\$1,009,082</u>

**Note 3 – Investments**

Investments in United State Treasury Bills include the following fair values and unrealized appreciation at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Fair market value	\$ 399,380	\$ - 0 -
Cost	<u>399,485</u>	<u>- 0 -</u>
Unrealized holding gains/(losses)	<u>\$ ( 105)</u>	<u>\$ - 0 -</u>

**Note 4 – Investment Income and Other Interest**

Investment income reported on the Statements of Activities for the years ended June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Interest from money funds	\$ 9,226	\$ 42,141
Interest from investments	7,880	- 0 -
Unrealized holding gains/(losses)	<u>( 105)</u>	<u>- 0 -</u>
Total interest income	<u>\$ 17,001</u>	<u>\$ 42,141</u>

**Note 5 – Pension Plan**

During fiscal year 2008, the Association adopted a qualified cash or deferred compensation plan under section 403(b) on the Internal Revenue Code. The plan allows for the Association to make discretionary contributions based on the participant's salary. Association contributions to the plan for the years ended June 30, 2009 and 2008 amounted to \$7,140 and \$7,159, respectively.

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 6 - Property and Equipment**

Property and equipment by major class consisted of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 20,164	\$ 20,164
Furniture & Fixtures	1,066	1,066
Leasehold Improvements	<u>4,225</u>	<u>4,225</u>
	25,455	25,455
Less: Accumulated depreciation and amortization	( 18,427)	( 11,056)
	<u>\$ 7,028</u>	<u>\$ 14,399</u>

**Note 7 - Commitments and Contingencies**

The Association leases office space under a noncancelable operating lease. Total rent expense charged to operations for the years ended June 30, 2009 and 2008 was \$72,996 and \$69,884, respectively. As of June 30, 2009 minimum aggregate annual rentals are as follows:

Year ended June 30, 2010	\$ 74,772
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The Association maintains its bank accounts, money market accounts and treasury bills with financial institutions. Balances that exceed the Federal Deposit Insurance Corporation's (FDIC) and Security Investor Protection Corporation's (SIPC) insurance coverage are summarized for the years ended June 30, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Institution balances	\$ 1,114,661	\$1,024,992
Less: Amounts covered	<u>( 615,359)</u>	<u>( 100,000)</u>
Uninsured amounts	<u>\$ 499,302</u>	<u>\$ 924,992</u>

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 8 – Fundraising Expenses**

The Association conducted activities that included direct solicitations for sponsorships (fundraising). The costs of personnel conducting those sponsorship activities included fundraising, administrative and program expenses (collectively defined as joint costs). The total amount allocated to fundraising activities for 2009 and 2008 was \$15,607 and \$9,507, respectively. The total joint costs were allocated for the years ended June 30, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Program expenses	\$ 171,815	\$ 172,775
Management and general	42,553	33,891
Fundraising	<u>15,607</u>	<u>9,507</u>
Total joint costs	\$ <u>229,975</u>	\$ <u>216,173</u>



## Skody Scot & Company, CPAs, P.C.

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### INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of  
Flatiron/23<sup>rd</sup> Street Partnership  
District Management Association, Inc.

Our audits of the basic financial statements included in the preceding section of this report were performed for the purpose of forming an opinion on those statements taken as a whole. The supplemental material presented in the following section of this report is 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.

*Skody Scot & Company, CPAs, PC*

September 23, 2009

**FLATIRON/23RD STREET PARTNERSHIP DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**(Supplemental Financial Information)**  
**YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008**

	2009						2008		
	Program Expenses			Supporting Services			Total	Total	Total
	Safety	Sanitation	Marketing	Social Services	Public Improvements	Total Program	Management and General	Fundraising	Expenses
<b>Personnel costs:</b>									
Executive salaries	\$ 12,704	\$ 12,704	\$ 31,760	\$ 6,352	\$ 31,760	\$ 95,280	\$ 25,408	\$ 6,352	\$ 127,040
Program managers	37,500	33,750	43,500	3,750	10,875	129,375	10,925	7,250	147,550
Support salaries	-	-	19,759	-	8,800	28,559	22,394	-	50,953
Payroll taxes and benefits	6,734	6,347	13,323	1,827	9,264	37,495	10,877	2,005	50,377
Outside contractors	213,806	478,168	25,248	62,480	201,389	981,091	1,417	-	982,508
Total personnel costs	<u>270,744</u>	<u>530,969</u>	<u>133,590</u>	<u>74,409</u>	<u>262,088</u>	<u>1,271,800</u>	<u>71,021</u>	<u>15,607</u>	<u>1,358,428</u>
<b>Direct expenses:</b>									
Insurance	-	-	-	-	-	-	29,556	-	29,556
Depreciation	-	-	-	-	-	-	31,571	-	31,571
Rent and maintenance	-	-	-	-	-	-	75,548	-	75,548
Office expense	-	-	-	-	-	-	18,364	-	18,364
Postage and delivery	-	-	-	-	-	-	1,719	-	1,719
Professional fees	-	-	-	-	-	-	12,125	-	12,125
Program equipment	208	1,928	-	-	-	2,136	-	-	2,136
Printing	-	-	27,270	-	-	27,270	5,224	-	32,494
Special projects and events	-	-	124,840	-	-	124,840	-	-	124,840
Supplies	-	185	7,259	-	20,678	28,122	4,002	-	32,124
Telephone	-	-	-	-	-	-	8,647	-	8,647
Total direct expenses	<u>208</u>	<u>2,113</u>	<u>159,369</u>	<u>-</u>	<u>20,678</u>	<u>182,368</u>	<u>186,756</u>	<u>-</u>	<u>369,124</u>
Total expenses	<u>\$270,952</u>	<u>\$ 533,082</u>	<u>\$ 292,959</u>	<u>\$ 74,409</u>	<u>\$ 282,766</u>	<u>\$1,454,168</u>	<u>\$ 257,777</u>	<u>\$ 15,607</u>	<u>\$ 1,727,552</u>
									<u>\$ 1,531,282</u>

**FLATIRON/23RD STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
SCHEDULE OF EXPENSES AND BUDGET  
(Supplemental Financial Information)  
YEAR ENDED JUNE 30, 2009**

	<u>Total Expenses</u>	<u>Budget</u>
<b>Personnel costs:</b>		
Executive salaries	\$ 127,040	\$ 127,000
Program managers	147,550	150,000
Support salaries	50,953	55,000
Payroll taxes and benefits	50,377	67,610
Outside contractors	982,508	1,102,000
Total personnel costs	<u>1,358,428</u>	<u>1,501,610</u>
 <b>Direct expenses:</b>		
Insurance	29,556	30,000
Depreciation and amortization	31,571	10,000
Rent and maintenance	75,548	85,000
Office expenses	18,364	16,000
Postage and delivery	1,719	6,000
Professional fees	12,125	20,000
Program equipment	2,136	28,025
Printing	32,494	35,000
Special projects and events	124,840	178,220
Supplies	32,124	31,145
Telephone	8,647	9,000
Total direct expenses	<u>369,124</u>	<u>448,390</u>
 Total expenses	<u><u>\$ 1,727,552</u></u>	<u><u>\$ 1,950,000</u></u>