

**165TH STREET MALL IMPROVEMENT
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2017 AND 2016

165TH STREET MALL IMPROVEMENT ASSOCIATION, INC.

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2017 and 2016	2
Statements of activities for the years ended June 30, 2017 and 2016	3
Statements of cash flows for the years ended June 30, 2017 and 2016	4
Notes to financial statements	5 - 7
 <u>Supplementary Financial Information</u>	
Independent Auditors' Report on Supplementary Information	8
Schedule of functional expenses for the year ended June 30, 2017 with comparative totals for 2016	9
Schedule of expenses and budget for the year ended June 30, 2017	10



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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
165th Street Mall Improvement Association, Inc.

We have audited the accompanying financial statements of 165th Street Mall Improvement Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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 165th Street Mall Improvement Association, Inc. as of June 30, 2017 and 2016, 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.

New York, NY
December 6, 2017

Skody Scot & Company, CPAs, P.C.

165TH STREET MALL IMPROVEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 24,738	\$ 42,660
Other receivables	429	1,800
Prepaid expenses	9,471	9,471
Security deposits	1,080	1,080
	\$ 35,718	\$ 55,011
	\$ 35,718	\$ 55,011

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 24,150	\$ 12,512
Total liabilities	24,150	12,512
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	11,568	42,499
Temporarily restricted	-	-
Permanently restricted	-	-
	11,568	42,499
Total net assets	11,568	42,499
	\$ 35,718	\$ 55,011

See accompanying notes to the financial statements.

165TH STREET MALL IMPROVEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Support and Revenues:		
Unrestricted:		
Assessment revenue	\$ 210,000	\$ 200,000
Interest income	29	31
Total support and revenues	210,029	200,031
Expenses:		
Program Expenses:		
Sanitation	65,091	59,861
Marketing	76,427	67,700
Public improvements	12,624	18,130
Total program expenses	154,142	145,691
Management and general	86,818	71,027
Total expenses	240,960	216,718
Increase/(Decrease) In Net Assets:		
Unrestricted	(30,931)	(16,687)
Temporarily restricted	-	-
Permanently restricted	-	-
Increase/(decrease) in net assets	(30,931)	(16,687)
Net assets, beginning of year	42,499	59,186
Net assets, end of year	\$ 11,568	\$ 42,499

See accompanying notes to the financial statements.

165TH STREET MALL IMPROVEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (30,931)	\$ (16,687)
Adjustments for non-cash items included in operating activities	-	-
Changes in assets and liabilities:		
Accounts payable and accrued expenses	11,638	5,513
Other receivables	1,371	(600)
Prepaid expenses	-	10,013
Net cash provided/(used) by operating activities	(17,922)	(1,761)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(17,922)	(1,761)
Cash and cash equivalents at beginning of year	42,660	44,421
Cash and cash equivalents at end of year	\$ 24,738	\$ 42,660

See accompanying notes to the financial statements.

**165TH STREET MALL IMPROVEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Association

165th Street Mall Improvement Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on January 24, 1977. The Association is exempt from income taxes under Section 501(c)(4) 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 165th Street Mall Business Improvement District (BID). The BID's boundaries are approximately 165th Street from Jamaica Avenue to 89th Avenue.

The Association's programs include the following: Sanitation - maintaining clean streets/curbs and garbage and graffiti removal; Public Improvements - improving the overall appearance of the district through a combination of beautification and other projects; and Marketing - promoting the district to residents and tourists and retaining and developing prospective businesses.

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.

Cash and 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, with an original maturity of three months or less.

165TH STREET MALL IMPROVEMENT ASSOCIATION, INC.
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.

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.

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. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

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 uncollectible receivables.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Checking and savings	\$ 9,535	\$ 6,087
Money market funds	<u>15,203</u>	<u>36,573</u>
	<u>\$ 24,738</u>	<u>\$ 42,660</u>

**165TH STREET MALL IMPROVEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2017 and 2016:

	2017	2016
Equipment	\$ 2,436	\$ 2,436
Less: Accumulated depreciation	(2,436)	(2,436)
	\$ -	\$ -

Note 4 - Commitments and contingencies

The Association leases office space under a non-cancelable operating lease. As of June 30, 2017 minimum aggregate annual rentals are as follows:

Year ended June 30, 2018	\$ 8,220
2019	8,520

Total rent expense charged to operations for the years ended June 30, 2017 and 2016 was \$7,141 and \$6,602, respectively. The Association shares office space with 180th Street BID and received or will receive reimbursements for certain expenses which amounted to \$1,800 per year for the years ended June 30, 2017 and 2016.

Note 5 - Concentrations

The Association maintains its checking and money market accounts with a financial institution. Institutional balances do not include transactions which are outstanding and have not cleared their accounts. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. No balances exceed the Federal Deposit Insurance Corporation insurance coverage at June 30, 2017 and 2016.

Note 6 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through December 6, 2017, 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
165th Street Mall Improvement Association, Inc.

We have audited the financial statements of 165th Street Mall Improvement Association, Inc. as of and for the years ended June 30, 2017 and 2016, and have issued our report thereon dated December 6, 2017, 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 6, 2017

Skody Scot & Company, CPAs, PC

165TH STREET MALL IMPROVEMENT ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

	2017						2016
	Program Expenses				Supporting		Total Expenses
	Sanitation	Marketing	Public Improvements	Total Program Expenses	Management & General	Total Expenses	
Staff salaries	\$ 8,680	\$ 28,930	\$ 8,680	\$ 46,290	\$ 11,578	\$ 57,868	\$ 59,029
Payroll taxes and benefits	1,000	3,350	1,000	5,350	1,340	6,690	7,208
Outside contractors	55,411	-	2,944	58,355	-	58,355	58,131
Holiday decorations	-	12,775	-	12,775	-	12,775	12,775
Insurance	-	-	-	-	48,277	48,277	26,808
Office supplies & expenses	-	-	-	-	5,939	5,939	11,113
Professional fees	-	-	-	-	9,950	9,950	10,700
Promotion	-	31,372	-	31,372	-	31,372	21,805
Rent and utilities	-	-	-	-	7,141	7,141	6,602
Telephone	-	-	-	-	2,593	2,593	2,547
Total expenses	\$ 65,091	\$ 76,427	\$ 12,624	\$ 154,142	\$ 86,818	\$ 240,960	\$ 216,718

165TH STREET MALL IMPROVEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2017

	<u>Total Expenses</u>	<u>Budget</u>
Staff salaries	\$ 57,868	\$ 56,975
Payroll taxes and benefits	6,690	7,602
Outside contractors	58,355	54,000
Holiday decorations	12,775	13,000
Insurance	48,277	44,790
Office supplies & expenses	5,939	2,000
Professional fees	9,950	8,500
Promotion	31,372	25,000
Rent and utilities	7,141	8,280
Telephone	2,593	3,000
Total expenses	<u>\$ 240,960</u>	<u>\$ 223,147</u>