

**VILLAGE ALLIANCE DISTRICT MANAGEMENT
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2009 AND 2008

VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2009 and 2008	2
Statements of activities for the years ended June 30, 2009 and 2008	3
Statements of cash flows for the years ended June 30, 2009 and 2008	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, 2009 with comparative totals for 2008	10
Schedule of expenses and budget for the year ended June 30, 2009	11



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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Village Alliance District Management Association, Inc.

We have audited the accompanying statements of financial position of Village Alliance 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 the 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 Village Alliance 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

December 10, 2009

VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 606,071	\$ 391,035
Contributions receivable	6,500	8,500
Prepaid expenses and other assets	1,387	4,437
Certificates of deposit	125,186	-
Property and equipment, net	-	1,205
Total assets	\$ 739,144	\$ 405,177
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	\$ 47,714	\$ 46,372
Total liabilities	47,714	46,372
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	572,133	209,775
Temporarily restricted	119,297	149,030
Permanently restricted	-	-
Total net assets	691,430	358,805
Total liabilities and net assets	\$ 739,144	\$ 405,177

See accompanying notes to financial statements.

VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Support and Revenues:		
Unrestricted:		
Assessment revenue	\$ 984,900	\$ 735,000
Program service revenue	4,000	7,200
Contributions	26,992	119,410
Interest income	13,079	22,001
Release of restricted assets	75,000	98,000
Temporarily restricted:		
Release of restricted assets	(75,000)	(98,000)
Contributions	45,267	-
Total support and revenues	<u>1,074,238</u>	<u>883,611</u>
Expenses:		
Program Expenses:		
Security	108,392	129,516
Sanitation	354,393	346,170
Marketing and promotion	99,575	80,102
Social services	1,373	2,050
Park improvements	39,653	148,937
Capital projects	62,526	97,087
Total program expenses	<u>665,912</u>	<u>803,862</u>
Management and general	67,169	63,372
Fundraising	8,532	8,767
Total expenses	<u>741,613</u>	<u>876,001</u>
Increase/(Decrease) In Net Assets:		
Unrestricted	362,358	105,610
Temporarily restricted	(29,733)	(98,000)
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>332,625</u>	<u>7,610</u>
Net assets, beginning of year	<u>358,805</u>	<u>351,195</u>
Net assets, end of year	<u>\$ 691,430</u>	<u>\$ 358,805</u>

See accompanying notes to financial statements.

VILLAGE ALLIANCE 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	\$ 332,625	\$ 7,610
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	1,205	1,204
Changes in assets and liabilities:		
Accrued expenses	1,342	2,048
Assessment receivable from expansion	-	56,500
Contributions receivable	2,000	(8,500)
Prepaid expenses and other assets	3,050	(1,452)
Net cash provided/(used) by operating activities	<u>340,222</u>	<u>57,410</u>
Cash flows from investing activities:		
Purchase of certificates of deposit	(125,186)	-
Sale of investments	-	200,169
Net cash provided/(used) by investing activities	<u>(125,186)</u>	<u>200,169</u>
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	215,036	257,579
Cash and cash equivalents at beginning of year	<u>391,035</u>	<u>133,456</u>
Cash and cash equivalents at end of year	<u>\$ 606,071</u>	<u>\$ 391,035</u>

See accompanying notes to financial statements.

VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Association

Village Alliance District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on October 1, 1993. 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 Village Alliance Business Improvement District (BID). Effective January 1, 2007, the Association expanded its boundaries to include additional properties north of the original district. The BID's boundaries are approximately: 8th Street from Sixth Avenue to Second Avenue, St. Marks Place, Astor Place, Sixth Avenue from 4th Street to 12th Street, University Place from 8th Street to 13th Street, and Broadway from 8th Street to 10th Street.

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 removal; Marketing and Promotion - promoting the district to residents and tourists and to retain and develop prospective businesses; Social Services - to develop and implement social programs and coordinate with other social service organizations located in the district; Park Improvements - provide additional funding to projects within Washington Square Park; and Capital Projects - improving the overall appearance of the district through a combination of projects including facade improvements and public fixtures.

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 expenses 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.

VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 charged as an expense, and major renewals and betterments are capitalized.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All temporarily restricted contributions were for future capital and park projects.

A portion of the Association's functions is conducted by unpaid volunteers and some materials are provided in-kind by various companies. These contributions are not reflected in the financial statements because the value does not meet the criteria for recognition or the amounts are immaterial.

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	\$ 71,738	\$ 52,424
Certificates of deposit	95,000	199,418
Money funds	<u>439,333</u>	<u>139,193</u>
	<u>\$ 606,071</u>	<u>\$ 391,035</u>

**VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 3 - 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	\$ 22,331	\$ 22,331
Less: Accumulated depreciation	(22,331)	(21,126)
	<u>\$ -</u>	<u>\$ 1,205</u>

Note 4 - Commitments and Contingencies

The Association and the New York City Economic Development Corporation jointly entered into various agreements with contractors for enhanced sidewalks and the installation of lighting fixtures related to a capital project. Construction commenced in fiscal year 2001, and was completed during fiscal year 2003. The Association is required to provide regular maintenance to these improvements.

The Association maintains its cash and investment accounts with major financial institutions. Institutional balances include transactions which are outstanding and have not cleared their accounts. Balances that exceed the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation insurance coverage's are summarized for the years ended June 30, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Institution balances	\$736,341	\$391,534
Less: Amounts covered	(595,341)	(100,000)
Uninsured amounts	<u>\$141,000</u>	<u>\$291,534</u>

Note 5 - Fundraising

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 was \$8,532 in 2009 and \$8,767 in 2008. 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	\$116,604	\$119,819
Management and general	17,064	17,514
Fundraising	<u>8,532</u>	<u>8,767</u>
Total joint costs	<u>\$142,200</u>	<u>\$146,100</u>

**VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 6 - Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Improvements to Washington Sq Park	\$ 68,582	\$ 23,315
Streetscape improvements	50,715	125,715



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of
Village Alliance 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

December 10, 2009

VILLAGE ALLIANCE 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 Expenses
	Security	Sanitation	Marketing and Promotion	Social Services	Park Improvements	Capital Projects	Total Program Expenses	Management and General	Fund-raising	Total Expenses	
Staff salaries	\$ 13,331	\$ 19,997	\$ 19,997	\$ -	\$ 13,331	\$ 42,660	\$ 109,316	\$ 15,999	\$ 7,999	\$ 133,314	\$ 136,414
Payroll taxes & benefits	889	1,333	1,333	-	889	2,844	7,288	1,066	533	8,887	9,708
Outside contractors	94,172	333,063	-	-	-	-	427,235	713	-	427,948	439,156
Rent	-	-	-	-	-	-	-	17,399	-	17,399	16,668
Utilities	-	-	-	-	-	-	-	4,125	-	4,125	4,423
Depreciation	-	-	-	-	-	-	-	1,205	-	1,205	1,204
Printing	-	-	42,050	-	-	-	42,050	-	-	42,050	18,716
Professional fees	-	-	-	-	-	-	-	10,000	-	10,000	11,330
Insurance	-	-	-	-	-	-	-	7,414	-	7,414	5,425
Special Events	-	-	-	-	25,433	-	25,433	-	-	25,433	10,387
Holiday decorations	-	-	24,437	-	-	-	24,437	-	-	24,437	28,488
Program supplies/expense	-	-	11,758	1,373	-	17,022	30,153	9,248	-	39,401	194,082
Total expenses	\$ 108,392	\$ 354,393	\$ 99,575	\$ 1,373	\$ 39,653	\$ 62,526	\$ 665,912	\$ 67,169	\$ 8,532	\$ 741,613	\$ 876,001

VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
Supplemental Financial Information
YEAR ENDED JUNE 30, 2009

	<u>Total Expenses</u>	<u>Budget</u>
Staff salaries	\$ 133,314	\$ 190,000
Payroll taxes and benefits	8,887	20,000
Outside contractors	427,948	521,850
Rent	17,399	17,850
Utilities	4,125	6,500
Depreciation	1,205	-
Printing	42,050	67,350
Professional fees	10,000	26,550
Insurance	7,414	8,820
Special events	25,433	-
Holiday decorations	24,437	30,000
Program expenses/supplies	39,401	83,800
	<u> </u>	<u> </u>
Total expenses	<u>\$ 741,613</u>	<u>\$ 972,720</u>