

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

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2015 AND 2014

VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2015 and 2014	2
Statements of activities for the years ended June 30, 2015 and 2014	3
Statements of cash flows for the years ended June 30, 2015 and 2014	4
Notes to financial statements	5 - 10
 <u>Supplementary Financial Information</u>	
Independent Auditors' Report on Supplementary Information	11
Schedule of functional expenses for the year ended June 30, 2015 with comparative totals for 2014	12
Schedule of expenses and budget for the year ended June 30, 2015	13
Schedule of public plaza expenses and budget for the year ended June 30, 2015	14



Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002
www.skodyscot.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Village Alliance 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 Village Alliance 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
November 30, 2015

VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 956,295	\$ 1,062,299
Accounts receivable	20,997	-
Property and equipment, net	20,241	16,258
Security deposits	4,100	2,100
Total assets	\$ 1,001,633	\$ 1,080,657

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 111,422	\$ 82,179
Pension payable	38,526	59,126
Total liabilities	149,948	141,305
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	720,140	848,592
Temporarily restricted	131,545	90,760
Permanently restricted	-	-
Total net assets	851,685	939,352
Total liabilities and net assets	\$ 1,001,633	\$ 1,080,657

See accompanying notes to financial statements.

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

	2015	2014
Support and Revenues:		
Unrestricted:		
Assessment revenue	\$ 984,900	\$ 984,900
Contributions and grants	37,765	82,087
Interest income	1,751	1,917
Release of restricted assets	-	35,773
Temporarily restricted:		
Release of restricted assets	-	(35,773)
Contributions	40,785	-
Total support and revenues	1,065,201	1,068,904
Expenses:		
Program Expenses:		
Security	126,492	122,134
Sanitation	469,897	408,575
Marketing and promotion	205,781	222,085
Social services	9,458	6,610
Park improvements	41,714	139,612
Capital projects	160,547	118,064
Total program expenses	1,013,889	1,017,080
Management and general	124,030	131,319
Fundraising	14,949	14,500
Total expenses	1,152,868	1,162,899
Increase/(Decrease) In Net Assets:		
Unrestricted	(128,452)	(58,222)
Temporarily restricted	40,785	(35,773)
Permanently restricted	-	-
Increase/(decrease) in net assets	(87,667)	(93,995)
Net assets, beginning of year	939,352	1,033,347
Net assets, end of year	\$ 851,685	\$ 939,352

See accompanying notes to financial statements.

VILLAGE ALLIANCE 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	\$ (87,667)	\$ (93,995)
Adjustments for non-cash items included in operating activities:		
Depreciation	17,014	5,649
Changes in assets and liabilities:		
Accounts payable and accrued expenses	29,243	10,883
Pension payable	(20,600)	(23,036)
Accounts receivable	(20,997)	-
Security deposits	(2,000)	-
Net cash provided/(used) by operating activities	(85,007)	(100,499)
Cash flows from investing activities:		
Purchase of property and equipment	(20,997)	-
Net cash provided/(used) by investing activities	(20,997)	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(106,004)	(100,499)
Cash and cash equivalents at beginning of year	1,062,299	1,162,798
Cash and cash equivalents at end of year	\$ 956,295	\$ 1,062,299

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. 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 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 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.

VILLAGE ALLIANCE 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 and mainly includes payments related to banner sponsorships. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

Donated Services

Directors and officers have made a significant contribution of their time to develop the Organization and its program. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such efforts under GAAP have not been satisfied. Due to the lack of objective criteria, management did not estimate the total value of these services for 2015 and 2014.

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 2015 and 2014, advertising costs totaled \$7,819 and \$27,333, respectively.

**VILLAGE ALLIANCE 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.

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.

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 uncollectable receivables.

Note 2 - 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	\$ 22,331	\$ 22,331
Furniture and fixtures	1,917	1,917
Leasehold improvements	48,240	27,243
Less: Accumulated depreciation	<u>(52,247)</u>	<u>(35,233)</u>
	<u>\$ 20,241</u>	<u>\$ 16,258</u>

Note 3 - Related Party

The Association rents office space from an entity which has representation on the Association's board of directors. Total payments amounted to \$26,726 in 2015 and \$26,080 in 2014.

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

Note 4 - Cash and Cash Equivalents

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

	2015	2014
Checking and savings	\$ 581,396	\$ 734,929
Money market funds	374,899	327,370
	\$ 956,295	\$1,062,299

Note 5 - Pension Plans

Effective May 1, 2012, the Association adopted a qualified cash or deferred compensation plan under section 403(b) of the Internal Revenue Code. Under the plan, employees may elect to defer up to twenty percent (20%) of their salary, subject to Internal Revenue Service limits. In addition, the plan allows for the Association to make discretionary contributions based on the participant's salary. Employees who normally work more than 20 hours per week are eligible for discretionary contribution after 12 months of service to the Association. As of June 30, 2015 and 2014, the Association made and accrued contributions of \$6,386 and \$6,263, respectively, to the plan. The plan was amended on July 1, 2013. The amendment excluded employees who work less than 1,000 hours in a plan year and increased the time of service required for eligibility to participate in the plan to 24 months.

The Association voluntarily agreed upon a retirement package for its former executive director to compensate for the fact that there was no pension plan in place during her 18 years of service to the Association. The package amounted to \$130,020 to be paid out monthly over 5 years starting in July 2011.

The total pension liability in the statements of financial position as of June 30, 2015 and 2014 consisted of:

	2015	2014
Employee deferrals	\$ 3,000	\$ 2,000
Due to former executive	35,526	57,126
	\$ 38,526	\$ 59,126

Note 6 - Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	2015	2014
Improvements to Washington Sq Park	\$ 131,545	\$ 90,760

Note 7 - Commitments and Contingencies

The Association and the New York City Economic Development Corporation jointly entered into various agreements with contractors for enhanced sidewalks, tree guards 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 certain improvements.

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

Note 7 - Commitments and Contingencies (Continued)

The Association maintains its cash and cash equivalent accounts with major financial institutions. Institutional balances do not include transactions which are outstanding and have not cleared their accounts. Balances that exceed the Federal Deposit Insurance Corporation insurance coverage are summarized for the years ended June 30, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Institution balances	\$ 957,778	\$1,074,419
Less: Amounts covered	(951,376)	(1,022,885)
Uninsured amounts	<u>\$ 6,402</u>	<u>\$ 51,534</u>

The Association leases office space under two non-cancelable operating leases. As of June 30, 2015 minimum aggregate annual rentals are as follows:

Year ended June 30, 2016	\$ 32,138
2017	27,816

Total rent expense charged to operations for the years ended June 30, 2015 and 2014 was \$34,476 and \$25,830, respectively.

Note 8 - 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 joint costs were allocated for the years ended June 30, 2015 and 2014, as follows:

	<u>2015</u>	<u>2014</u>
Program expenses	\$119,707	\$232,014
Management and general	14,084	43,506
Fundraising	<u>7,041</u>	<u>14,500</u>
Total joint costs	<u>\$140,832</u>	<u>\$290,020</u>

Note 9 - Park Improvements

The Association began soliciting contributions to benefit Washington Square Park in 2003. The total amount of contributions raised in fiscal years ended June 2015 and 2014 was \$67,550 and \$74,837, respectively. Contributions, less related costs, have been held over the fiscal years by the Association while the park has undergone construction. The total payments to the New York City Department of Parks have amounted to \$416,718 as of June 30, 2015. These payments have been reported on the schedule of functional expenses during their respective fiscal years.

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

Note 10 - Public Plaza License

The Association signed a five year license agreement, with renewal options, with the New York City Department of Transportation (DOT) to manage and maintain multiple public pedestrian plazas located within the district. The agreement allows the Association to collect special event concession fees, contributions and sponsorships which will be used to offset the cost of managing and maintaining the plazas. Any excess revenue derived from the plazas will be kept in an accrual fund. The accrual fund will be used for any future shortfall in revenue needed to provide the services set forth in the agreement. If at any time the accrual fund contains more than three times the public plaza budget, the excess amount of funds shall be used to provide any services and/or alterations in the public plaza. At the end of the term of the license agreement or at termination, the balance of the accrual fund shall be used to provide any services and/or alterations in the public plaza.

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through November 30, 2015, which is the date the financial statements were available to be issued.



Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002

www.skodyscot.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Village Alliance District Management Association, Inc. as of and for the years ended June 30, 2015 and 2014, and have issued our report thereon dated November 30, 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, expenses and budget, and public plaza activities 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.

Skody Scot & Company, CPAs, PC

November 30, 2015

VILLAGE ALLIANCE 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 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	\$ 25,654	\$ 51,307	\$ 64,134	\$ -	\$ 12,827	\$ 64,134	\$ 218,056	\$ 25,654	\$ 12,827	\$ 256,537	\$ 250,079
Payroll taxes & benefits	4,245	8,488	10,611	-	2,122	10,611	36,077	4,244	2,122	42,443	39,941
Outside contractors	96,593	402,102	73,658	-	-	-	572,353	2,836	-	575,189	518,550
Advertising and promotion	-	-	7,819	-	-	-	7,819	-	-	7,819	27,333
Rent	-	8,000	-	-	-	-	8,000	26,476	-	34,476	25,830
Utilities	-	-	-	-	-	-	-	8,057	-	8,057	7,974
Depreciation	-	-	-	-	-	-	-	17,014	-	17,014	5,649
Postage and delivery	-	-	931	-	-	-	931	5	-	936	3,263
Professional fees	-	-	-	-	-	-	-	13,362	-	13,362	16,365
Insurance	-	-	-	-	-	-	-	8,822	-	8,822	5,615
Events	-	-	-	-	26,765	-	26,765	-	-	26,765	25,085
Holiday decorations	-	-	22,850	-	-	-	22,850	-	-	22,850	23,550
Park funding	-	-	-	-	-	-	-	-	-	-	85,525
Landscaping	-	-	-	-	-	34,756	34,756	-	-	34,756	23,695
Office supplies/expenses	-	-	-	-	-	-	-	13,505	-	13,505	11,160
Program supplies/expense	-	-	25,778	9,458	-	51,046	86,282	-	-	86,282	88,010
Travel and meetings	-	-	-	-	-	-	-	4,055	-	4,055	5,275
Total expenses	\$ 126,492	\$ 469,897	\$ 205,781	\$ 9,458	\$ 41,714	\$160,547	\$1,013,889	\$ 124,030	\$ 14,949	\$ 1,152,868	\$ 1,162,899

VILLAGE ALLIANCE 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	\$ 256,537	\$ 256,000
Payroll taxes and benefits	42,443	40,905
Outside contractors	575,189	645,500
Advertising and promotion	7,819	8,000
Rent	34,476	34,347
Utilities	8,057	5,000
Depreciation	17,014	-
Postage and delivery	936	1,000
Professional fees	13,362	12,850
Insurance	8,822	9,000
Events	26,765	30,000
Holiday decorations	22,850	25,000
Landscaping	34,756	30,000
Office supplies/expenses	13,505	13,000
Program expenses/supplies	86,282	122,500
Travel and meetings	4,055	5,000
	<u> </u>	<u> </u>
Total expenses	<u>\$ 1,152,868</u>	<u>\$ 1,238,102</u>

VILLAGE ALLIANCE DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF PUBLIC PLAZA
ACTIVITIES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2015

	Actual Activity	DOT Plaza Budget
Support and Revenues:		
Concession fees, sponsorships and gifts	\$ 5,000	\$ -
Expenses:		
Direct expenses:		
Cleaning/trash removal (San)	25,000	\$ 25,000
Public Safety (Sec)	13,000	13,000
Planning, insurance and other (Cap Proj)	24,857	38,000
Total direct expenses	62,857	76,000
Administrative costs:		
Salaries (Cap Proj)	36,000	36,000
Total administrative costs	36,000	36,000
Total expenses	98,857	\$ 112,000
Excess/(deficit) revenues from plaza activities	\$ (93,857)	
Balance of Accrual Fund, at end of year	\$ -	

Note - The above information is prepared in accordance with agreement #RCT1 841 20148203616 with New York City Department of Transportation dated December 24, 2014. The above expenses are included on Page 12 in the (program) noted above.