

**KINGSBRIDGE DISTRICT MANAGEMENT
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Board of Directors
Kingsbridge District Management Association, Inc.

I have audited the accompanying statement of net assets of Kingsbridge District Management Association, Inc. as of June 30, 2008 and 2007 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kingsbridge District Management Association, Inc., as of June 30, 2008 and 2007, and the results of its activities and changes in net assets, of its functional expenses and of its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

City Island, New York
September 23, 2008

KINGSBRIDGE DISTRICT MANAGEMENT ASSOCIATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

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KINGSBRIDGE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF NET ASSETS
JUNE 30, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 112,778	\$ 122,279
Prepaid expenses	<u>8,128</u>	<u>9,795</u>
TOTAL CURRENT ASSETS	<u>120,906</u>	<u>132,074</u>
FIXED ASSETS		
Office furniture and equipment, net of accumulated depreciation of \$4,756 and \$4,756, respectively (note 3)	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 120,906</u>	<u>\$ 132,074</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ <u>15,528</u>	\$ <u>13,468</u>
NET ASSETS - UNRESTRICTED	<u>105,378</u>	<u>118,606</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 120,906</u>	<u>\$ 132,074</u>

KINGSBRIDGE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
REVENUE		
BID assessments	\$ 235,000	\$ 235,000
Interest income	<u>288</u>	<u>348</u>
TOTAL REVENUE	<u>235,288</u>	<u>235,348</u>
EXPENSES		
BID program services	220,545	221,887
Supporting services, management and general	<u>27,971</u>	<u>27,028</u>
TOTAL EXPENSE	<u>248,516</u>	<u>248,915</u>
CHANGE IN UNRESTRICTED NET ASSETS	(13,228)	(13,567)
NET ASSETS - UNRESTRICTED - BEGINNING OF YEAR	<u>118,606</u>	<u>132,173</u>
NET ASSETS - UNRESTRICTED - END OF YEAR	<u>\$ 105,378</u>	<u>\$ 118,606</u>

KINGSBRIDGE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	Business Improvement District Program Services	Supporting Services, Management and General	Total
Payroll, taxes and fringes	\$ 48,562	\$ 12,141	\$ 60,703
Holiday lights	26,972	0	26,972
Sanitation	85,466	0	85,466
Business promotion and advertising	25,613	0	25,613
Graffiti control	1,950	0	1,950
Tree maintenance	1,975	0	1,975
Street banners	600	0	600
Annual meeting	0	2,944	2,944
Rent	7,680	1,920	9,600
Telephone	1,786	448	2,234
Postage and delivery	526	132	658
Office supplies	1,239	310	1,549
Legal and accounting	0	6,030	6,030
Insurance	11,362	2,841	14,203
Miscellaneous	55	14	69
Depreciation	0	0	0
Payroll processing fee	911	228	1,139
Licenses and permits	48	12	60
Dues and subscriptions	67	17	84
Printing and reproduction	1,600	400	2,000
Repairs and maintenance	1,946	487	2,433
Travel	0	0	0
Meals and entertainment	187	47	234
Facade program	2,000	0	2,000
TOTAL EXPENSES	\$ 220,545	\$ 27,971	\$ 248,516

KINGSBRIDGE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Business Improvement District Program Services	Supporting Services, Management and General	Total
Payroll, taxes and fringes	\$ 53,631	\$ 13,408	\$ 67,039
Holiday lights	28,014	0	28,014
Sanitation	84,000	0	84,000
Business promotion and advertising	26,181	0	26,181
Graffiti control	1,800	0	1,800
Tree maintenance	0	0	0
Street banners	450	0	450
Annual meeting	0	1,956	1,956
Rent	7,680	1,920	9,600
Telephone	2,225	556	2,781
Postage and delivery	692	173	865
Office supplies	1,015	254	1,269
Legal and accounting	0	5,085	5,085
Insurance	12,707	3,177	15,884
Miscellaneous	225	56	281
Depreciation	458	115	573
Payroll processing fee	884	221	1,105
Licenses and permits	48	12	60
Dues and subscriptions	88	22	110
Printing and reproduction	147	37	184
Repairs and maintenance	0	0	0
Travel	62	16	78
Meals and entertainment	80	20	100
Façade program	1,500	0	1,500
TOTAL EXPENSES	\$ 221,887	\$ 27,028	\$ 248,915

KINGSBRIDGE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (13,228)	\$ (13,567)
Adjustments to reconcile change in net assets to cash (used in) operating activities:		
Depreciation	0	573
Decrease/(Increase) in prepaid expenses	1,667	1,429
Increase/(Decrease) in accounts payable and accrued expenses	<u>2,060</u>	<u>(642)</u>
Net Cash (Used In) Operating Activities	<u>(9,501)</u>	<u>(12,207)</u>
Net decrease in cash	(9,501)	(12,207)
Cash - Beginning of Year	<u>122,279</u>	<u>134,486</u>
Cash - End of Year	<u>\$ 112,778</u>	<u>\$ 122,279</u>

KINGSBRIDGE DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

Note 1- Organization and Significant Accounting Policies

Kingsbridge District Management Association, Inc. ("Association") was formed June 15, 2001 under the New York Not-for-Profit Corporation Law for the public purposes of promoting the general welfare of the people in the Business Improvement District ("BID"). The BID, located in the Bronx, New York, is known as the Kingsbridge Business Improvement District. BID assessments collected by the City of New York are the Association's principal source of revenue.

Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recorded as earned and expenses recorded as incurred.

Basis of Presentation

The Organization follows Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under FAS No. 117, Organization's are 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.

Unrestricted - represents all activity that has not been restricted by donors, even though its use may be limited in other respects, such as by City contract or by Board of Directors designation.

Temporarily restricted - represents donor restricted contributions whose restrictions have not been met at year end but whose restrictions are anticipated to be met in the future. The Organization did not have any temporarily restricted net assets during June 30, 2007 and 2006.

Permanently restricted - represents donor restricted assets which must remain intact. These types of assets are commonly referred to as endowment. The Organization did not have any permanently restricted net assets during June 30, 2008 and 2007.

Additionally, expenses are required to be classified by functional activities.

Revenue Recognition

BID assessment revenues and the related receivables are recorded when the Association is legally entitled to receive the assessments from the City of New York, pursuant to its contract with the City.

Contributions and Fundraising

In accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, contributions received with donor stipulations that limit the use of the assets are reported as restricted support. When a restriction expires, that is, when a stipulation time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reports in the statement of activities as net assets released from restrictions. In addition, those contributions whose restrictions lapse in the same period the contribution is made are recorded as unrestricted.

Furniture, Equipment and Improvements

Furniture, equipment and improvements are stated at cost.

Depreciation is provided for annually, based on the useful lives of the assets. Depreciation has been computed on the straight-line basis. The cost of maintenance and repairs is charged to operations as incurred.

KINGSBRIDGE DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

Note 1- Organization and Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consists of all cash in bank accounts and any highly liquid financial instruments purchased with a maturity of three months or less.

Concentration of Revenue, Risk and Control

The Organization deposits money with credit worthy institutions that are insured with the Federal Deposit Insurance Corporation which limits the amount of coverage to \$100,000 in aggregate. During the year, it could have deposits which exceed this FDIC limit. At June 30, 2008 and 2007, the Organization had uninsured balances of approximately \$13,500 and \$23,500, respectively.

The Association operates in a limited geographical area. Its revenues are ultimately linked to property owners continuing to pay their BID assessments to the City of New York.

Likewise, the Association is dependent upon future contract renewals with the City of New York, in addition to the City's timely disbursements of BID assessments.

Tax Status

The Organization is exempt from federal income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for income taxes has been made in these financial statements.

Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note 2- BID Assessment Receivable

The Association's new contract with the City of New York Department of Business Services commenced July 1, 2004 and expires June 30, 2009. Beginning with the year ended June 30, 2004, the City amended its payment schedule. It currently disburses annual assessments in two installments per fiscal year, half in July and the remaining half in January. As a result, there are no assessments receivable at June 30, 2008 or 2007.

KINGSBRIDGE DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

Note 3- Fixed Assets

As of June 30th, the BID's fixed assets consisted of the following:

	<u>2008</u>	<u>2007</u>
Office furniture and equipment	\$ 4,756	\$ 4,756
Less: accumulated depreciation	<u>(4,756)</u>	<u>(4,756)</u>
Total fixed assets	<u>\$ 0</u>	<u>\$ 0</u>

Depreciation expense was \$0 and \$573 for the years ended June 30, 2008 and 2007, respectively.

Note 4- Lease Commitment

Office rent expense was \$9,600 for each of the years ended June 30, 2008 and 2007. The Association's lease, pursuant to an office sharing agreement, expired October 31, 2002. The Association exercised its two one-year options which extended the period to October 31, 2004 at substantially the same terms. As of year end, a new agreement was not in place.

The office sharing agreement was with an entity that was instrumental in the sponsorship and formation of the Association and is further related by common members serving on the two Boards of Directors.

Note 5- Other Commitments

The BID contracted for its annual sanitation and graffiti removal at a cost of approximately \$7,150 per month.

Note 6- Compensated Absences

Vacation and sick pay are considered expenditures in the year paid.