

STEINWAY STREET DISTRICT  
MANAGEMENT ASSOCIATION, INC

AUDITED  
FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

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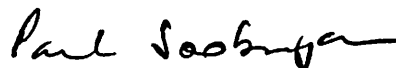
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Steinway Street District Management Association, Inc.

I have audited the accompanying statements of financial position of Steinway Street District Management Association, Inc. as of June 30, 2012 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Steinway Street District Management Association, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the 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 positions of Steinway Street District Management Association, Inc. as of June 30, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



New York, New York  
September 7, 2012

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 AS OF JUNE 30,

	<u>Assets</u>		<u>2012</u>	<u>2011</u>
<u>Assets</u>				
Cash - note 2	\$	226,189	213,875	213,875
Total assets	\$	<u>226,189</u>	<u>213,875</u>	<u>213,875</u>
<u>Liability and Net Assets</u>				
<u>Liability</u>				
Accounts payable	\$	13,123	31,585	31,585
Contingency - note 4				
<u>Net Assets</u>				
Unrestricted		213,066	182,290	182,290
Total liability and net assets	\$	<u>226,189</u>	<u>213,875</u>	<u>213,875</u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>Revenue</u>		
Property tax assessment	\$ 325,000	325,000
Street fair	9,500	9,500
Interest	1,585	1,902
Total revenue	<u>336,085</u>	<u>336,402</u>
<u>Expense</u>		
<u>Program</u>		
Sanitation	67,528	70,836
Security	3,170	1,295
Holiday decoration	30,240	31,100
Marketing and promotion	8,376	76,581
Streetcape and beautification	112,110	62,890
Total	<u>221,424</u>	<u>242,702</u>
<u>Administrative and general</u>		
Management fee	75,000	72,000
General and administrative expenses	8,885	11,011
Total	<u>83,885</u>	<u>83,011</u>
Total expenses	<u>305,309</u>	<u>325,713</u>
Change in net assets	30,776	10,689
Net assets at beginning of year	<u>182,290</u>	<u>171,601</u>
Net assets at end of year	<u>\$ 213,066</u>	<u>182,290</u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 30,776	10,689
<u>Adjustments to reconcile change in net assets to cash flows</u>		
Decrease / (increase) in accounts payable	(18,462)	24,929
Total adjustments	<u>(18,462)</u>	<u>24,929</u>
Net cash provided by operating activities represented net increase in cash	12,314	35,618
Cash at beginning of year	<u>213,875</u>	<u>178,257</u>
Cash at end of year	<u><u>\$ 226,189</u></u>	<u><u>213,875</u></u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

Note 1 Organization

The Steinway Street District Management Association, Inc., (the "Association"), a not-for-profit organization, was incorporated in the State of New York in 1983. The purpose of the Association was to provide supplemental services in the Steinway Street Business Improvement District (the "SBID") in which it was created. The Association primarily receives its support from a special assessment on commercial properties located in the SBID, levied by the City of New York.

The Association is tax-exempt from federal income tax under Internal Revenue Code 501(c)(3) and similar provision of the State code.

Note 2 Significant Accounting Policies  
Financial Statement Presentation

The Association's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The classification of the Association's net assets and its support and revenue is based on the existence or absence of donor-imposed restrictions. It requires that the amount for each of the three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

These classes are defined as follows:

**Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by Steinway Street District Management Association, Inc. is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Steinway Street District Management Association, Inc.

**Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

Note 2     Significant Accounting Policies (continued)

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Cash and Cash Equivalents

The Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Activities and revenue recognition

The Association entered into contract with New York City Department of Small Business Services to provide supplemental municipal service to the SBID as defined in the contract. The Association recognizes its revenue when assessments are received from the City's allotment for the fiscal year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fixed assets

Property and equipment are recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the property and equipment. The Organization capitalizes any asset they determine will be maintained for an extended period of time.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, grants and contract and program fees receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

Subsequent Events – Management has evaluated subsequent events and transactions that occurred after the statement of financial position date through September 7, 2012. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with accounting principles generally accepted in the United States of America. Management has determined that there are no unrecognized subsequent events that require additional disclosure.



STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

- Note 2     Significant Accounting Policies (continued)  
          General and administrative expenses  
          The Association classifies expenses not directly related to the provision of the program services as general and administrative expenses.
- Note 3     Management fee and related party transaction  
          The Association shares common office space and certain support staff with Central Astoria Local Development Coalition, Inc., (“CALDC”), a non-profit organization. Those costs, along with other management services provided by CALDC to the Association, were included as management fee under a three-year contract (ends June 30, 2013) entered between the Association and CALDC. Management fees paid to CALDC for the years ended June 30, 2012 and 2011 amounted to \$75,000 and \$72,000 respectively under the agreement. In addition, certain board members of the Association are also board members of CALDC.
- Note 4     Contingency  
          The contract of the Association with the City of New York is subject to audits by the City. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this date. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.
- Note 5     Concentration  
          Financial instruments that potentially subject Steinway District Management Association to concentration risk consist principally of cash deposits. The Federal Deposit Insurance Corporation (“FDIC”) insures accounts at each institution. Currently, the FDIC insures accounts for up to \$250,000 per depositor. Management believes the exposure to credit risk is minimal.