

STEINWAY STREET DISTRICT
MANAGEMENT ASSOCIATION, INC

AUDITED
FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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, 2010 and the related statements of activities and cash flows for the year ended June 30, 2010. 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. at June 30, 2010 and the changes in its net assets and its cash flows for the year ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

New York, New York
October 19, 2010

Paul Soobryan

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

	<u>Assets</u>	
<u>Assets</u>	<u>2010</u>	<u>2009</u>
Cash	\$ 178,257	146,044
Receivable	-	6,370
Total assets	<u>\$ 178,257</u>	<u>152,414</u>

<u>Liability and Net Assets</u>		
<u>Liability</u>		
Accounts payable	\$ 6,656	17,383
Contingency - note 4		
<u>Net Assets</u>		
Unrestricted	<u>171,601</u>	<u>135,031</u>
Total liability and net assets	<u>\$ 178,257</u>	<u>152,414</u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2010	2009
<u>Revenue</u>		
Property tax assessment	\$ 325,000	325,000
Street fair	9,500	10,676
Interest	2,461	2,284
	<u>336,961</u>	<u>337,960</u>
<u>Expense</u>		
<u>Program</u>		
Sanitation	70,309	70,012
Security	55,925	55,690
Holiday decoration	29,250	28,902
Marketing and promotion	39,023	18,989
Streetcape and beautification	39,008	17,858
	<u>233,515</u>	<u>191,451</u>
<u>Administrative and general</u>		
Management fee	58,000	58,000
General and administrative expenses	8,876	6,736
	<u>66,876</u>	<u>64,736</u>
	<u>300,391</u>	<u>256,187</u>
Change in net assets	36,570	81,773
Net assets at beginning of year	<u>135,031</u>	<u>53,258</u>
Net assets at end of year	<u>\$ 171,601</u>	<u>135,031</u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2010</u>	<u>2009</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ <u>36,570</u>	<u>81,773</u>
<u>Adjustments to reconcile change in net assets to cash flows</u>		
Decrease in accounts receivable	6,370	2,550
(Decrease) / increase in accounts payable	<u>(10,727)</u>	<u>2,380</u>
Total adjustments	<u>(4,357)</u>	<u>4,930</u>
Net cash provided by / used in operating activities represented net increase in cash	32,213	86,703
Cash at beginning of year	<u>146,044</u>	<u>59,341</u>
Cash at end of year	\$ <u><u>178,257</u></u>	<u><u>146,044</u></u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 Organization

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

The accompanying financial statements have been prepared on the accrual basis of accounting.

Support

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash

Cash is primarily consisted of cash held in checking and saving accounts. Management believes the Association is not exposed to any significant credit risk on cash.

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 were received from the City allotted for the fiscal year.

General and administrative expenses

The Association classifies expenses not directly related to the provision of the program services as general and administrative expenses.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 2 Significant accounting policies (continued)

Estimates

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

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 six -year contract (ended June 30, 2010) entered between the Association and CALDC. Management fee paid to CALDC for the years ended June 30, 2010 and 2009 amounted to \$58,000 each year under the agreement.

Subsequent to the date of the financial statements, the contract was renewed to June 30, 2013.

Note 4 Contingency

The contract of the Association with the City of New York is subject to audit by the City. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, can not be determined at this date. Disallowance or adjustments, if any, will be reflected in the financial statements in the year of settlement.