

**KINGS HIGHWAY
DISTRICT MANAGEMENT ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
and
AUDITOR'S REPORT**

JUNE 30, 2011 and 2010

KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Director's of
Kings Highway District Management Association, Inc.

I have audited the accompanying statements of financial position of Kings Highway District Management Association, Inc. ("the Association") as of June 30, 2011 and 2010 and the related statements of activities and changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

I conducted the audit in accordance with generally accepted auditing standards. Those standards require that I 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 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 Kings Highway District Management Association, Inc. at June 30, 2011 and 2010, and the results of its activities and its cash flows for the year then ended in conformity with generally accepted accounting principles.

November 29, 2011

Kings Highway District Management Association, Inc.

STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30,

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Donations Receivable	\$10,509	\$ 8,440
Cash and cash equivalents		
Sundry Receivables	<u>73</u>	<u>3,573</u>
Total Current Assets	10,582	12,013
Property and equipment (Note 2)	5,375	7,133
Deposit Receivable	<u>240</u>	<u>240</u>
Total Assets	\$ 16,197	\$ 19,386
	=====	=====

LIABILITIES AND NET ASSETS

CURRENT LIABILITES		
Accounts payable & accrued		
Expenses	\$ 9,058	\$ 7,967
Bank Loan Payable	<u>11,022</u>	<u>4,761</u>
Total Liabilities	<u>\$20,080</u>	<u>\$ 12,728</u>
Net Assets		
Unrestricted	\$(3,883)	\$ 6,658
Temporarily restricted		-0-
Permanently restricted	<u> </u>	<u>-0-</u>
Total Net Assets	<u>\$(3,883)</u>	<u>\$ 6,658</u>
Total Liabilities and Net Assets	\$ 16,197	\$ 19,386
	=====	=====

KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR
THE YEARS ENDED JUNE 30,

SUPPORT REVENUES

	<u>2011</u>	<u>2010</u>
Assessment revenue	\$ 250,000	\$ 250,000
Sundry Donations	11,870	12,920
Total Support Revenues	\$ <u>261,870</u>	\$ <u>262,920</u>

EXPENSES

Program Expenses		
Sanitation	60,010	47,530
Promotion, advertising, marketing and Public relations	8,779	13,993
Holiday Lighting	34,125	28,500
Graffiti Removal	26,375	27,722
20 th Anniversary Celebration	<u>14,298</u>	<u> </u>
Total Program Expenses	143,587	117,745
General and administrative expenses (schedule 1)	<u>128,824</u>	<u>125,554</u>
Total Expenses	<u>272,411</u>	<u>243,299</u>
(Decrease)/increase in net assets		
Unrestricted	(10,541)	19,621
Temporarily restricted		
Permanently restricted	<u> </u>	<u> </u>
(Decrease)/increase in net assets	(10,541)	19,621
Net assets – beginning of year	<u>6,658</u>	<u>(12,963)</u>
Net assets – end of year	<u>\$ (3,883)</u>	<u>\$ 6,658</u>

KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2011</u>	<u>2010</u>
Cash Flows-Operating Activities		
(Decrease)/increase in net assets	\$ (10,541)	\$19,621
Depreciation Taken	1,758	
Adjustments to reconcile net (decrease)		
Increase in net assets to net cash provided		
By (increase) decrease in Receivables	1,431	(11,942)
(Decrease)/increase in		
Accounts payable & accrued expenses	<u>1,091</u>	<u>(11,335)</u>
Cash(Deficit) Flows provided by Operating Activities	<u>(6,261)</u>	<u>(3,656)</u>
 Cash Flows-Financial Activities		
Deposits Paid		(240)
Bank loan received	<u>6,261</u>	<u>4,761</u>
Net Cash Flow provided by Financial Activities	<u>6,261</u>	<u>4,521</u>
 Cash Deficit-Investment Activities		
Purchase office equipment		(4,883)
Less Depreciation taken		<u>1,270</u>
Net deficit provided by Investment Activities	<u>-0-</u>	<u>(3,613)</u>
Net (decrease)/increase cash	-0-	(2,748)
Cash and cash equivalent at Beginning of Year	<u>-0-</u>	<u>2,748</u>
Cash and cash equivalent at End of Year	<u>\$ -0-</u>	<u>\$ -0-</u>

KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association

Kings Highway District Management Association, Inc., (“the Association”), a not for profit organization, was incorporated in the State of New York on November 23, 1982 established under Local Law Number 2 of 1982 of the city of New York (“ the City”). The purpose of establishment of the Association was to provide supplemental services (described in the following paragraph) in the business improvement district in which it was created. The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association primarily received its support from a special assessment on commercial properties located in the business improvement district of the Association.

The Supplemental Services

The Association was created to provide the following services in the business improvement district in which it was created, i.e. sweeping of sidewalks and gutters, cleaning and repair, promotion of commercial and retail opportunities within the business district, holiday lighting and decorations, and other related services.

Assessment

As of July 1, 2003 the City remits the assessment to the association semi-annually whether it (City) collected the assessment or not. The current assessment is \$ 250,000. Therefore, there is no receivable on the records of association.

General and Administrative Expenses

The association classifies expenses not directly related to the provision of program services described earlier under the heading “The Supplemental Services” as general and administrative expenses.

. KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2- Property and Equipment

The Association capitalizes property and equipment purchased in connection with the Association's capitalization policy. Property was purchased during years ended June 30, 2010 and 2009. Office equipment in the amount of \$ 4,883 was purchased in fiscal year 2010. Property is being depreciated over a five year period.

NOTE 3 – Commitments and Contingencies

- (A) The Association has signed its lease for office space from January 1, 2010 to December 31, 2011 at a rental of \$ 42,000.00

The rental commitment for this lease is as follows:

Six months ended December 31,2011	10,800.00
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KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE 1- GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30,

	<u>2011</u>	<u>2010</u>
Payroll	\$ 64,904	\$ 63,187
Fringe Benefits	3,778	5,478
Insurance	2,628	2,146
Professional Fees	4,250	5,550
Office Expenses	18,371	16,605
Depreciation	1,759	1,270
Telephone	5,315	5,862
Rent	21,000	19,456
Other General and Administrative Expenses	2,240	1,850
Web Site Expense	3,435	4,150
Interest Expense	<u>1,144</u>	<u> </u>
 Total General and Administrative Expenses	 <u>\$ 128,824</u>	 <u>\$125,554</u>