

**KINGS HIGHWAY
DISTRICT MANAGEMENT ASSOCIATION, INC.
FINANCIAL STATEMENTS
and
AUDITOR'S REPORT
JUNE 30, 2009 and 2008**

KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.

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Sidney Schwartz, C.P.A., PC
1270 Broadway Suite 310
New York, NY 10001
(212) 594-3084
Fax (212) 695-4581

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, 2009 and 2008 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, 2009 and 2008, and the results of its activities and its cash flows for the year then ended in conformity with generally accepted accounting principles.

December 29, 2009

Kings Highway District Management Association, Inc.
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30,
ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,747	\$ (299)
Sundry Receivables	<u>73</u>	<u>735</u>
Total Current Assets	2,820	436

Property and equipment (Note 2)	<u>3,519</u>	<u>-0-</u>
Total Assets	<u>\$ 6,339</u>	<u>\$ 436</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable & accrued Expenses	\$	
<u>19,302</u>		<u>\$ 4,358</u>
Total Liabilities	<u>\$ 19,302</u>	<u>\$ 4,358</u>
Net Assets		
Unrestricted	\$ (12,963)	\$ (3,922)
Temporarily restricted	-0-	-0-
Permanently restricted	<u>-0-</u>	<u>-0-</u>
Total Net Assets	<u>\$ (12,963)</u>	<u>\$ (3,922)</u>
Total Liabilities and Net Assets	<u>\$ 6,339</u>	<u>\$ 436</u>

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

SUPPORT REVENUES

	<u>2009</u>	<u>2008</u>
Assessment revenue	\$ 250,000	\$
250,000		
Interest income from banks	41	177
Income from banners and bags		<u>15,890</u>
Total Support Revenues	<u>\$ 250,041</u>	<u>\$ 266,067</u>

EXPENSES

Program Expenses		
Sanitation	61,958	47,654
Promotion, advertising, marketing and Public relations	13,909	12,198
Holiday Lighting	38,270	40,895
Graffiti Removal	19,485	22,300
Annual lighting display	14,500	14,500
District Plan Revision	<u>2,250</u>	<u>2,400</u>
Total Program Expenses	150,372	139,947
General and administrative expenses (schedule 1)	<u>108,709</u>	<u>108,523</u>
Total Expenses	<u>259,081</u>	<u>248,470</u>

(Decrease)/increase in net assets		
Unrestricted	(9,040)	17,597
Temporarily restricted		
Permanently restricted		
(Decrease)/increase in net assets	<u>(9,040)</u>	<u>17,597</u>
Net assets – beginning of year	<u>(3,923)</u>	<u>(21,520)</u>
Net assets – end of year	<u><u>\$ (12,963)</u></u>	<u><u>\$ (3,923)</u></u>

KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

	<u>2009</u>	<u>2008</u>
Cash Flows-Operating Activities		
(Decrease)/increase in net assets	\$ (9,040)	\$ 17,597
Adjustments to reconcile net (decrease)		
Increase in net assets to net cash provided		
By decrease in Sundry Receivables	662	1,950
(Decrease)/increase in		
Accounts payable & accrued expenses	<u>14,944</u>	<u>(11,589)</u>
Cash Flows provided by Operating Activities	<u>\$ 6,566</u>	<u>\$ 7,958</u>
Cash Flows-Financial Activities		
Bank loan paid	<u>\$(25,000)</u>	
Net deficit provided by Financial Activities	<u>\$(25,000)</u>	
Cash Flows-Investment Activities		
Purchase office equipment	\$(3,910)	
Less Depreciation taken	<u>391</u>	
Net deficit provided by Investment Activities	<u>(3,519)</u>	
Net (decrease)/increase cash	3,047	(17,042)
Cash and cash equivalent at		
Beginning of year	<u>(299)</u>	<u>16,743</u>
Cash and cash equivalent at		
End of year	<u><u>\$ 2,748</u></u>	<u><u>\$ (299)</u></u>

KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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, 2009

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, 2009 and 2008. Office equipment in the amount of \$ 3,910 was purchased in fiscal year 2009. Property is being depreciated over a five year period.

NOTE 3 – Commitments and Contingencies

- A. The Association has extended its lease for office space from December 1, 2006 to November 30, 2009 at annual rental of \$13,800.

The rental commitment for this lease is as follows:

Year Ending June 30, 2010

5,750

(B) As of June 30, 2009, \$18,000 was in dispute between the lighting vendor and the association stemming from the lack of permits for the park display. This matter was settled for \$16,500 on September 21, 2009, which amount is reflected in the financial statements.

KINGS HIGHWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE 1- GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30,

	<u>2009</u>	<u>2008</u>
Payroll	\$ 61,501	\$ 62,923
Fringe Benefits	4,815	4,430
Insurance	2,145	5,135
Professional Fees	3,348	4,077
Office Expenses	17,104	10,760
Depreciation	391	-0-
Telephone	4,782	3,224
Rent	14,400	14,100
Other General and Administrative Expenses	<u>223</u>	<u>3,874</u>

Total General and
Administrative Expenses

\$ 108,709

\$ 108,523

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