

**LARK STREET AREA DISTRICT
MANAGEMENT ASSOCIATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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BUCKLEY GENT MACDONALD & CARY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

April 18, 2018

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Lark Street Area District Management Association, Inc.
Albany, New York

We have reviewed the accompanying financial statements of Lark Street Area District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Buckley Gent MacDonald & Cary, P.C.
Certified Public Accountants

LARK STREET AREA DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2017	2016
- ASSETS -		
CURRENT ASSETS		
Cash	\$ 32,603	\$ 32,435
Grant receivable - net	4,000	-
Total current assets	<u>\$ 36,603</u>	<u>\$ 32,435</u>
PROPERTY AND EQUIPMENT - NET		
Equipment and fixtures	\$ 6,245	\$ 19,508
Less: accumulated depreciation	(5,970)	(19,103)
Net - property and equipment	<u>\$ 275</u>	<u>\$ 405</u>
TOTAL ASSETS	<u><u>\$ 36,878</u></u>	<u><u>\$ 32,840</u></u>
- LIABILITIES AND NET ASSETS -		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 900	\$ 894
Notes payable	550	768
Payroll and payroll taxes payable	5,120	5,746
Total current liabilities	<u>\$ 6,570</u>	<u>\$ 7,408</u>
NET ASSETS - UNRESTRICTED	<u>30,308</u>	<u>25,432</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 36,878</u></u>	<u><u>\$ 32,840</u></u>

LARK STREET AREA DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

	YEARS ENDED DECEMBER 31,	
	2017	2016
SUPPORT AND REVENUE		
City of Albany assessment	\$ 95,000	\$ 83,131
Special events (net of direct expenses of \$73,557 and \$78,710, respectively)	23,923	16,269
Capitalize Albany Corporation	4,000	2,500
Interest income	12	13
TOTAL SUPPORT AND REVENUE	<u>\$ 122,935</u>	<u>\$ 101,913</u>
EXPENSES		
Program services	\$ 94,793	\$ 122,843
General and administrative	23,266	26,041
TOTAL EXPENSES	<u>\$ 118,059</u>	<u>\$ 148,884</u>
CHANGE IN NET ASSETS	\$ 4,876	\$ (46,971)
NET ASSETS AT BEGINNING OF YEAR	<u>25,432</u>	<u>72,403</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 30,308</u></u>	<u><u>\$ 25,432</u></u>

LARK STREET AREA DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,876	\$ (46,971)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	130	763
(Increase) decrease in:		
Grant receivable	(4,000)	18,164
Prepaid expense	-	900
(Decrease) increase in:		
Accounts payable and accrued expenses	6	(7,791)
Payroll and payroll taxes payable	(626)	3,058
Net cash provided (used) by operating activities	<u>\$ 386</u>	<u>\$ (31,877)</u>
CASH USED BY INVESTING ACTIVITIES		
Purchase of plant and equipment	<u>\$ -</u>	<u>\$ (223)</u>
CASH USED BY FINANCING ACTIVITIES		
Net proceeds - notes payable	<u>\$ (218)</u>	<u>\$ (329)</u>
NET INCREASE (DECREASE) IN CASH	\$ 168	\$ (32,429)
CASH - beginning	<u>32,435</u>	<u>64,864</u>
CASH - ending	<u><u>\$ 32,603</u></u>	<u><u>\$ 32,435</u></u>

LARK STREET AREA DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lark Street Area District Management Association, Inc. (Association) is a nonprofit corporation, incorporated under the laws of New York State in 1996. The Association's primary purpose is to operate a comprehensive Business Improvement District program (the mission) including the administration, marketing, business recruitment, business retention, special events, project development, public relations and public improvements in the Lark Street Area Business Improvement District (District) as established by the Common Council of the City of Albany. Other purposes include the historic preservation of the Lark Street area and preservation of the historic character and integrity of the District. The Association is supported primarily through contributions and assessments levied against real property located within the District and collected by the City of Albany on behalf of the Association.

The Association is a not-for-profit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Generally accepted accounting principles require that uncertain tax positions be recognized, measured, presented and disclosed in the financial statements. For the year ended December 31, 2017 management has evaluated the tax positions taken or expected to be taken in the course of preparing the Association's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold would be recorded as a tax expense in the current year. Based upon this evaluation, management has determined that no liability for unrecognized tax expense is required. Tax years 2014 through the present remain subject to examination by Internal Revenue Service. No examination of the Association's tax filings is presently in progress.

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

The allowance for doubtful accounts is determined by the Association after an analysis of accounts receivable. As accounts are determined to be uncollectible, they are written off against this allowance. There was no allowance for doubtful accounts as of December 31, 2017 and 2016, respectively.

LARK STREET AREA DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment are recorded at cost or, if donated, at fair market value at date of donation. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed under the straight-line method over the estimated useful lives as follows:

<u>Category</u>	<u>Estimated Useful Lives</u>
Machinery and equipment	5 years

Expenditures for maintenance and repairs and minor renewals are charged to expense; betterments and major renewals are capitalized. Upon retirement or sale of assets, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged to income.

Revenue received from grants is recognized in accordance with the terms of the grant contract.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Association reports support as unrestricted even if restricted by the donor if the restrictions are met in the same reporting period as the support is received. Contributions with donor restrictions which are temporary in nature limiting the Association's use of contributed assets to future periods or to a specific purpose which will be met in a future period are reported as restricted support. When a donor's restriction is satisfied the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The value of donated services is reflected in the accompanying financial statements if the donation creates or enhances nonfinancial assets, or the donated services require special skills and would be purchased by the Association if not provided by donation. Valuation of such services are based upon salaries paid, local compensation levels or fees charged for similar services.

For purposes of the statement of cash flows, the Association considers all highly liquid accounts with an original maturity of three months or less to be cash equivalents.

NOTE 2: NOTES PAYABLE

The Association has a line of credit with KeyBank, N.A. A maximum of \$10,000 is available at an interest rate of 13.75%. The line is secured by all assets now owned and hereafter acquired by the Association. There was \$550 and \$768 outstanding under the line at December 31, 2017 and 2016, respectively.

LARK STREET AREA DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 3: LEASES

Operating Lease

The Association relocated within the District and commenced leasing office space on a month-to-month basis effective August 2016. The monthly rental is \$425.

NOTE 4: CONTINGENT LIABILITIES

Grants and bequests require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the gifts and their terms, it has accommodated the objectives of the Association to the provisions of

NOTE 5: SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION AND NON-CASH INVESTING AND FINANCING ACTIVITIES

The detail of cash paid for interest is as follows:

	Year Ended December 31,	
	2017	2016
Interest paid	\$ 88	\$ 120

NOTE 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 18, 2018, the date the financial statements were available to be issued, and has determined that there were no additional subsequent events requiring recognition or disclosure in the financial statements.

LARK STREET AREA DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 7: SCHEDULE OF FUNCTIONAL EXPENSES

	Total Program Services	General and Administrative	Total Year Ended December 31, 2017	Total Year Ended December 31, 2016
Expenses were incurred for:				
Salaries	\$ 40,000	\$ 10,000	\$ 50,000	\$ 47,981
Temporary labor	7,666	1,917	9,583	6,336
Neighborhood marketing expenses	23,568	-	23,568	46,730
Accounting and bookkeeping	-	7,873	7,873	7,004
Street maintenance contract services	6,653	-	6,653	6,360
Insurance	5,171	913	6,084	6,634
Occupancy	4,841	854	5,695	7,632
Payroll taxes	3,378	844	4,222	7,019
Internet and telephone	1,991	498	2,489	2,376
Payroll processing services	978	244	1,222	1,197
Office expenses	326	81	407	1,737
Depreciation and amortization	111	20	130	763
Interest	75	13	88	120
Bank fees	36	9	45	75
Legal and consulting fees	-	-	-	3,420
Bad debts	-	-	-	3,500
Total	<u>\$ 94,793</u>	<u>\$ 23,266</u>	<u>\$ 118,059</u>	<u>\$ 148,884</u>