

BROADWAY MALL MAINTENANCE FUND, INC.

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS – CASH BASIS

DECEMBER 31, 2013 AND 2012

**BROADWAY MALL MAINTENANCE FUND, INC.
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DECEMBER 31, 2013 AND 2012**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Broadway Mall Maintenance Fund, Inc.

We have audited the accompanying financial statements of Broadway Mall Maintenance Fund, Inc. (a non-profit organization), which comprise the statement of assets, liabilities and net assets – cash basis as of December 31, 2013, and the related statement of support, revenue and expenses – cash basis, functional expenses – cash basis, and cash flows – cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Broadway Mall Maintenance Fund, Inc. as of December 31, 2013, and its support, revenue and expenses, functional expenses and its cash flows for the years then ended in accordance with the cash basis of accounting as described in Note 2.

Basis of Accounting

We draw your attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Broadway Mall Maintenance Fund, Inc.'s 2012 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 12, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sander Thaler Zholz & Katz LLP

Jericho, New York
June 10, 2014

BROADWAY MALL MAINTENANCE FUND, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 47,318	\$ 93,850
Other Assets:		
Security deposit	1,500	1,500
Employee advances	1,800	-
Total other assets	3,300	1,500
TOTAL ASSETS	\$ 50,618	\$ 95,350
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Payroll taxes payable	\$ 544	\$ 112
COMMITMENTS		
Net Assets - Unrestricted	50,074	95,238
TOTAL LIABILITIES AND NET ASSETS	\$ 50,618	\$ 95,350

See independent auditors' report and accompanying notes to financial statements.

BROADWAY MALL MAINTENANCE FUND, INC.
STATEMENTS OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Support and Revenue:		
Contributions	\$ 437,398	\$ 397,418
Special events revenue	91,602	122,130
Interest and dividend income	5	9
Total Support and Revenue	<u>529,005</u>	<u>519,557</u>
Expenses:		
Program	359,783	363,939
Management and general	181,245	146,023
Fundraising	33,141	27,991
Total Expenses	<u>574,169</u>	<u>537,953</u>
Change in Net Assets	(45,164)	(18,396)
NET ASSETS - UNRESTRICTED - BEGINNING OF YEAR	<u>95,238</u>	<u>113,634</u>
NET ASSETS - UNRESTRICTED - END OF YEAR	<u><u>\$ 50,074</u></u>	<u><u>\$ 95,238</u></u>

BROADWAY MALL MAINTENANCE FUND, INC.
STATEMENTS OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Program	Management and General	Fundraising	Total Expenses	
				2013	2012 (Summarized)
Maintenance and landscaping	\$ 320,203	\$ -	\$ -	\$ 320,203	\$ 311,141
Winter lighting	38,804	-	-	38,804	49,676
Outside services	-	1,651	-	1,651	1,826
Professional fees	-	16,193	-	16,193	33,576
Rent expense	-	22,494	-	22,494	17,400
Payroll expense	-	101,648	-	101,648	60,639
Payroll tax expense	-	9,244	-	9,244	9,051
Website and computer expenses	-	2,046	-	2,046	721
Printing and publications	-	2,290	-	2,290	2,322
Insurance	-	9,871	-	9,871	4,765
Telephone	-	2,222	-	2,222	2,344
Charitable contributions	-	375	-	375	175
Office expense	-	5,787	-	5,787	3,940
Advertising	-	140	-	140	70
Postage and delivery	-	1,412	-	1,412	1,535
Bank fees and other fees	-	4,476	-	4,476	5,946
Dues and subscriptions	-	451	-	451	550
Office supplies	-	945	-	945	1,163
Program services	776	-	-	776	3,122
Cost of direct benefit to donors	-	-	33,141	33,141	27,991
TOTAL	\$ 359,783	\$ 181,245	\$ 33,141	\$ 574,169	\$ 537,953

See independent auditors' report and accompanying notes to financial statements.

BROADWAY MALL MAINTENANCE FUND, INC.
STATEMENTS OF CASH FLOWS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Cash Flows From Operating Activities:		
Change in net assets	\$ (45,164)	\$ (18,396)
Changes in assets and liabilities:		
(Increase) in employee advances	(1,800)	-
Increase in payroll taxes payable	432	-
Net Cash (Used in) Operating Activities	(46,532)	(18,396)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	93,850	112,246
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 47,318	\$ 93,850

BROADWAY MALL MAINTENANCE FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1. ORGANIZATION AND BUSINESS ACTIVITIES

Broadway Mall Maintenance Fund, Inc. (the "Organization") is a non-profit organization incorporated in the State of New York. The Organization was formed for the purpose of providing program services to maintain the malls and median strips on the street called Broadway, located in the Borough of Manhattan, in New York City, for use by the general public. Broadway Mall Maintenance Fund, Inc. is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Income is generated primarily from contributions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The Organization's financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles ("US GAAP). Under the cash basis of accounting, revenue is recognized when received rather than when earned, and expenses and purchases of assets are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present the financial position and statement of activities in conformity with US GAAP.

b. Cash and Cash Equivalents

The Organization considers all money market accounts and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

c. Net Assets

The classification of the Organization's net assets and its support, revenue and expenses is based on the existence, or absence, of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of assets, liabilities and net assets – cash basis and that the amount of change in each of those classes of net assets be displayed in a statement of support, revenue and expenses – cash basis.

The three classes that comprise Net Assets are defined as follows:

- i. **Permanently Restricted** – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

BROADWAY MALL MAINTENANCE FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- ii. **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 temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.
- iii. **Unrestricted** – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

d. Special Events

The direct costs of special events include expenses for the benefit of the donor. For example, meals and rental facilities are considered direct costs of special events.

e. Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using the basis determined by management to be reasonable.

f. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

NOTE 3. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially expose the Organization to concentrations of credit risk consist principally of cash and contributions.

- a. **Cash** - Financial instruments that potentially subject the Organization to a concentration of credit risk include cash deposits. The Organization maintains its cash balances at two financial institutions located in New York City, which at times, may exceed federally insured limits. Interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in the aggregate. At December 31, 2013, the Organization had no uninsured balances.
- b. **Contributions** – For the years ended December 31, 2013 and 2012, approximately 12% and 14% of contributions respectively, were received from one donor.

BROADWAY MALL MAINTENANCE FUND, INC.
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DECEMBER 31, 2013 AND 2012

NOTE 4. LEASE COMMITMENTS

The Organization has entered into a non-cancellable operating lease agreement for its office space located in New York, NY which expires on March 31, 2015.

At December 31, 2013, the Organization's future minimum annual lease payments under the non-cancellable operating lease was as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 24,042
2015	6,055
Total	\$ 30,097

Rent expense was \$22,494 and \$17,400 for the years ended December 31, 2013 and 2012, respectively.

NOTE 5. RELATED PARTY TRANSACTIONS

The Organization paid \$2,523 and \$1,428 to Menaker & Herrmann LLP for administrative services for the years ended December 31, 2013 and 2012, respectively. Mr. Robert Herrmann, president of the Organization, is a partner in Menaker & Herrmann LLP.

NOTE 6. INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2013 and 2012.

The Organization files forms 990 in the U.S. federal jurisdiction and the State of New York. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2010.

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NOTE 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 10, 2014, the date the financial statements were available to be issued. The effects of those events and transactions that provided additional pertinent information about conditions that existed at the balance sheet date have been recognized in the financial statements.