

**CHARLES VILLAGE COMMUNITY
BENEFITS DISTRICT
MANAGEMENT AUTHORITY**

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

CHARLES VILLAGE COMMUNITY BENEFITS DISTRICT MANAGEMENT AUTHORITY

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HANDWERGER, CARDEGNA, FUNKHOUSER & LURMAN, P.A.

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To the Board of Directors
Charles Village Community Benefits District
Management Authority
Baltimore, Maryland

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Charles Village Community Benefits District Management Authority (the "Organization"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years 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 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.

Auditors' Responsibility

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

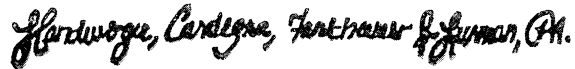
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principle generally accepted in the United States of America.

To the Board of Directors
Charles Village Community Benefits District
Management Authority

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page nine are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Handwerker, Cardegna, Funkhouser & Lurman, P.A.
Towson, Maryland
October 7, 2015

CHARLES VILLAGE COMMUNITY BENEFITS DISTRICT MANAGEMENT AUTHORITY

Statements of Financial Position
June 30, 2015 and 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
Current Assets		
Cash	\$ 174,863	\$ 175,221
Accounts and grants receivable	52,023	39,046
Prepaid expenses	<u>10,618</u>	<u>11,061</u>
Total Current Assets	<u>237,504</u>	<u>225,328</u>
Property and Equipment		
Machinery and equipment	69,734	231,908
Vehicles	86,175	86,175
Leasehold improvements	<u>4,695</u>	<u>4,695</u>
	160,604	322,778
Less accumulated depreciation	<u>143,128</u>	<u>144,165</u>
Total Property and Equipment	<u>17,476</u>	<u>178,613</u>
Total Assets	<u>\$ 254,980</u>	<u>\$ 403,941</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 38,467</u>	<u>\$ 45,069</u>
Total Current Liabilities	<u>38,467</u>	<u>45,069</u>
Unrestricted Net Assets		
Undesignated	<u>216,513</u>	<u>358,872</u>
Total Liabilities and Net Assets	<u>\$ 254,980</u>	<u>\$ 403,941</u>

CHARLES VILLAGE COMMUNITY BENEFITS DISTRICT MANAGEMENT AUTHORITY

Statements of Activities
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues, Gains, and Other Support		
Public Support		
Contributions and grants	\$ 74,645	\$ 248,657
Donated goods and services	<u>4,537</u>	<u>1,790</u>
Total Public Support	<u>79,182</u>	<u>250,447</u>
Other Revenue		
Baltimore City surtax	737,770	759,604
Realized gain on investments	-	1,124
Program revenue	75,363	12,533
Interest income	<u>111</u>	<u>398</u>
Total Other Revenue	<u>813,244</u>	<u>773,659</u>
Total Revenues, Gains, and Other Support	<u>892,426</u>	<u>1,024,106</u>
Expenses		
Program Services		
Assistance	<u>818,968</u>	<u>783,057</u>
Support Services		
Management and general	<u>71,113</u>	<u>66,836</u>
Other Expense		
Transfer of camera equipment	<u>144,704</u>	<u>-</u>
Total Expenses	<u>1,034,785</u>	<u>849,893</u>
Change in Net Assets	(142,359)	174,213
Net Assets - Beginning of Year	<u>358,872</u>	<u>184,659</u>
Net Assets - End of Year	<u>\$ 216,513</u>	<u>\$ 358,872</u>

The accompanying notes are an integral part of these financial statements.

CHARLES VILLAGE COMMUNITY BENEFITS DISTRICT MANAGEMENT AUTHORITY

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (142,359)	\$ 174,213
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	23,081	25,836
Realized gain on investment	-	(1,124)
Transfer of camera equipment	144,704	-
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(12,977)	11,430
Decrease in prepaid expenses	443	4,056
(Decrease) in accounts payable and accrued expenses	<u>(6,602)</u>	<u>(3,481)</u>
Net Cash Provided by Operating Activities	<u>6,290</u>	<u>210,930</u>
Cash Flows from Investing Activities		
Acquisitions of property and equipment	(6,648)	(168,822)
Proceeds from sale of investments	<u>-</u>	<u>6,220</u>
Net Cash Used in Investing Activities	<u>(6,648)</u>	<u>(162,602)</u>
Cash Flows from Financing Activities		
Principal payments on capital lease	<u>-</u>	<u>(968)</u>
Net Cash Used in Financing Activities	<u>-</u>	<u>(968)</u>
Net Change in Cash	(358)	47,360
Cash - Beginning of Year	<u>175,221</u>	<u>127,861</u>
Cash - End of Year	<u>\$ 174,863</u>	<u>\$ 175,221</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ -</u>	<u>\$ 49</u>

CHARLES VILLAGE COMMUNITY BENEFITS DISTRICT MANAGEMENT AUTHORITY

Notes to Financial Statements

NOTE A - NATURE OF ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Charles Village Community Benefits District Management Authority (the "Organization") is a management authority created through voter referendum and city ordinance in 1994. The Organization uses proceeds from surcharges on residential and commercial property owners within the geographical area of approximately 100 square blocks located in the Greater Charles Village area (the "District").

In June 2014, by resolution of the Mayor and the City Council, the Organization was continued through June 2018.

The purpose of the Organization is to promote and market the District, provide supplemental safety and sanitation services, provide amenities in public areas, provide park and recreational programs and functions, and provide information on city and neighborhood resources to residents, businesses, and newcomers.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Recognition of Donor Restricted Grants

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reported period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions

In accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-225-45, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Financial Statement Presentation

The financial statements are presented in accordance with FASB ASC 958-210-45. Under this standard, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: (1) unrestricted net assets, (2) temporarily restricted net assets, and (3) permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all demand deposits and cash on hand to be cash and cash equivalents.

Property Tax Receivable

The property tax receivable amount represents property tax surcharges to be collected by the city of Baltimore from the property owners on behalf of the Organization. Management considers the property tax receivable to be fully collectable.

CHARLES VILLAGE COMMUNITY BENEFITS DISTRICT MANAGEMENT AUTHORITY

Notes to Financial Statements

NOTE A - NATURE OF ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment, and Depreciation

Property and equipment are carried at cost, if purchased, or fair value, if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of three to five years. The Organization's policy is to capitalize substantial expenditures for property and equipment having a useful life of three or more years.

Depreciation expense for the year ended June 30, 2015 and 2014, was \$23,081 and \$25,836, respectively.

Income Taxes

The Organization is considered a governmental agency and is exempt from income tax and income tax filing.

Estimates

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

Subsequent Events

Management has evaluated subsequent events through October 7, 2015, the date the financial statements were available to be issued.

NOTE B - LINE OF CREDIT

The Organization has a \$50,000 secured line of credit with M&T Bank. The interest rate is 2.5% over M&T Bank's prime rate (5.75% at June 30, 2015 and 2014). The line of credit is collateralized by the Organization's property and is used for working capital. There was no outstanding balance for both years ended June 30, 2015 and 2014.

There was no interest expense relating to the line of credit for both years ended June 30, 2015 and 2014.

NOTE C - RESTRICTED NET ASSETS

As of June 30, 2015 and 2014, there were no temporarily or permanently restricted net assets.

CHARLES VILLAGE COMMUNITY BENEFITS DISTRICT MANAGEMENT AUTHORITY

Notes to Financial Statements

NOTE D - DONATED SERVICES AND FACILITIES

The Organization received donated services consisting of the following for the years ended June 30, 2015 and 2014:

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
Legal services	\$ 4,537	\$ 1,790
Total	\$ 4,537	\$ 1,790

NOTE E - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expense as a percentage of total expenses for the years ended June 30, 2015 and 2014, was 6.9% and 7.9%, respectively.

NOTE F - COMMITMENT

The facilities are rented under the terms of an operating lease with monthly payments of \$2,550 ending July 31, 2014. The Organization renewed the lease effective August 1, 2014, for four years ending July 31, 2018, at a rate of \$15 per square foot. The rent increases by 50 cents per square foot on August 1st of each subsequent year. Rent expense for the years ended June 30, 2015 and 2014, was \$31,231 and \$31,675, respectively.

Future minimum rentals are as follows for the years ended June 30:

2016	\$ 31,202
2017	32,208
2018	33,215
2019	<u>2,768</u>
Total	\$ 99,393

NOTE G - RETIREMENT PLAN

The Organization began offering a simple IRA plan to employees during the year ended June 30, 2005. Employees can contribute the maximum allowed by law. The Organization will match employee contributions up to 3% of the employee's gross salary. There was no retirement expense for both years ended June 30, 2015 and 2014.

NOTE H - CAMERA EQUIPMENT TRANSFER

During the year ended June 30, 2015, the Organization transferred camera equipment to an unrelated third party, who will be responsible for monitoring. The equipment was included in fixed assets and depreciated in the prior year. The net value of \$144,704 at June 30, 2015, is included as another expense on the Statement of Activities.

**CHARLES VILLAGE COMMUNITY
BENEFITS DISTRICT
MANAGEMENT AUTHORITY**

SUPPLEMENTARY INFORMATION

Years Ended June 30, 2015 and 2014

**CHARLES VILLAGE COMMUNITY BENEFITS DISTRICT
MANAGEMENT AUTHORITY**

Schedules of Functional Expenses
Years Ended June 30, 2015 and 2014

	2015			2014		
	Program Services	Support Services		Program Services	Support Services	
	Assistance	Management and General	Total Expense	Assistance	Management and General	Total Expense
Payroll, contractual, and payroll related	\$ 626,516	\$ 55,522	\$ 682,038	\$ 602,977	\$ 52,834	\$ 655,811
Contract services	21,007	-	21,007	14,842	-	14,842
Program vehicle	26,028	38	26,066	26,670	-	26,670
Professional fees	17,507	1,318	18,825	17,773	1,134	18,907
Donated professional services	-	4,537	4,537	-	1,790	1,790
Office	7,239	1,290	8,529	2,748	1,979	4,727
Supplies	32,258	2,344	34,602	30,480	1,854	32,334
Printing, publications, and website	2,500	203	2,703	3,566	571	4,137
Telephone	3,386	421	3,807	3,842	47	3,889
Occupancy	37,441	3,113	40,554	35,585	2,060	37,645
Insurance	21,819	561	22,380	19,857	872	20,729
Other	958	994	1,952	1,465	1,111	2,576
Depreciation	22,309	772	23,081	23,252	2,584	25,836
Total	\$ 818,968	\$ 71,113	\$ 890,081	\$ 783,057	\$ 66,836	\$ 849,893