

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**JUNE 30, 2012 AND 2011**

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.**

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2012 and 2011	2
Statements of activities for the years ended June 30, 2012 and 2011	3
Statements of cash flows for the years ended June 30, 2012 and 2011	4
Notes to financial statements	5 - 10
 <u>Supplementary Financial Information</u>	
Independent Auditors' Report on Supplementary Information	11
Schedule of functional expenses for the year ended June 30, 2012 with comparative totals for 2011	12
Schedule of expenses and budget for the year ended June 30, 2012	13
Schedule of public plaza expenses and budget for the year ended June 30, 2012	14



# Skody Scot & Company, CPAs, P.C.

352 Seventh Avenue, 9th Floor, New York, NY 10001 • (T) 212-967-1100 • (F) 212-967-2002  
[www.skodyscot.com](http://www.skodyscot.com)

---

## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of  
Flatiron/23<sup>rd</sup> Street Partnership  
District Management Association, Inc.

We have audited the accompanying statements of financial position of Flatiron/23<sup>rd</sup> Street Partnership District Management Association, Inc. as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we 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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flatiron/23<sup>rd</sup> Street Partnership District Management Association, Inc. at June 30, 2012 and 2011, and the results of its activities and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Skody Scot & Company, CPAs, PC*

September 29, 2012

**FLATIRON/23RD STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 696,044	\$ 256,894
Program revenue receivable	7,000	-
Contributions receivable	7,525	1,625
Prepaid expenses	82,937	7,039
Investments	699,699	1,199,796
Property and equipment, net	230	802
Security deposits receivable	11,587	11,587
Total assets	\$1,505,022	\$1,477,743
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued expenses	\$ 112,609	\$ 104,011
Plaza security deposits payable	12,250	-
Total liabilities	124,859	104,011
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	1,380,163	1,373,732
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	1,380,163	1,373,732
Total liabilities and net assets	\$1,505,022	\$1,477,743

**See accompanying notes to financial statements.**

**FLATIRON/23RD STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Support and Revenues:</b>		
Unrestricted:		
Assessment revenue	\$ 1,600,000	\$1,600,000
Program service revenue	231,866	119,822
Contributions	167,676	157,753
Contributions in-kind	48,000	43,000
Investment income	1,778	3,865
Total support and revenues	<u>2,049,320</u>	<u>1,924,440</u>
<b>Expenses:</b>		
Program Expenses:		
Safety	278,153	269,310
Sanitation	707,541	646,225
Marketing	342,989	307,470
Social services	62,102	63,543
Public improvements	395,932	300,862
Total program expenses	<u>1,786,717</u>	<u>1,587,410</u>
Management and general	237,828	254,488
Fundraising	18,344	17,095
Total expenses	<u>2,042,889</u>	<u>1,858,993</u>
<b>Increase/(Decrease) In Net Assets:</b>		
Unrestricted	6,431	65,447
Temporarily restricted	-	-
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>6,431</u>	<u>65,447</u>
Net assets, beginning of year	<u>1,373,732</u>	<u>1,308,285</u>
Net assets, end of year	<u>\$ 1,380,163</u>	<u>\$1,373,732</u>

**See accompanying notes to financial statements.**

**FLATIRON/23RD STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 6,431	\$ 65,447
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	572	25,718
Unrealized investment holding (gains)/losses	(239)	(630)
Changes in assets and liabilities:		
Program revenue receivable	(7,000)	-
Contributions receivable	(5,900)	(1,625)
Prepaid expenses	(75,898)	(337)
Accrued expenses	8,598	24,565
Plaza security deposits payable	12,250	-
Net cash provided/(used) by operating activities	<u>(61,186)</u>	<u>113,138</u>
Cash flows from investing activities:		
Purchase of investments	(1,199,440)	(2,549,295)
Sale of investments	1,699,776	1,749,889
Net cash provided/(used) by investing activities	<u>500,336</u>	<u>(799,406)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	439,150	(686,268)
Cash and cash equivalents, at beginning of year	256,894	943,162
Cash and cash equivalents, at end of year	<u>\$ 696,044</u>	<u>\$ 256,894</u>

**See accompanying notes to financial statements.**

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Association

Flatiron/23<sup>rd</sup> Street Partnership District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on April 11, 2006. The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and does not believe its financial statements include any uncertain tax positions. The Association primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the Flatiron/23<sup>rd</sup> Street Business Improvement District (BID). The BID's boundaries are approximately from 21<sup>st</sup> to 28<sup>th</sup> Streets and from Sixth Avenue up to, but not including, Third Avenue.

The Association's programs include the following: Safety - providing increased public security through a combination of uniformed guards and a working relationship with the New York City Police Department; Sanitation - maintaining clean streets/curbs/sidewalks and graffiti removal; Marketing - promoting the district to residents and tourists and to retain and develop prospective businesses; Social Services - coordinating and interacting with other social service organizations, including homeless outreach, located in the district; and Public Improvements - developing and implementing improvements to the district such as neighborhood beautification and other capital projects.

Basis of Financial Statements

The Association maintains its books of account on the cash basis of accounting. For financial reporting purposes, the accounts have been adjusted to reflect revenues earned, but not collected, and costs incurred, but not paid, in order to conform with generally accepted accounting principles.

In accordance with GAAP the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association is required to present a statement of cash flows.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Association capitalizes certain property and equipment with estimated lives of three years or more. Depreciation of furniture and equipment is computed by the straight-line method over estimated useful lives ranging from three to five years. Leasehold improvements are amortized by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are expensed as incurred, and major renewals and betterments are capitalized.

Investments

All marketable debt and equity securities are reported at fair values based on quoted prices in active markets (all level 1 measurements) in the statements of financial position. Investment income (interest and dividends) is recognized as revenue in the period earned, and gains and losses (realized and unrealized) are recognized in the period they occur.

Restricted Assets

All net assets of the Association are unrestricted, however, the Finance Committee of the Board of Directors created a capital reserve fund with \$650,000 for future Public Improvement projects. The Association anticipates spending the capital reserve over the next five years.

Cash Flows

Cash receipts and payments are classified according to operating, investing, and financing activities. Only investments with maturities of three months or less and money market funds are classified as cash equivalents.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Association allocates salaries based on estimated time and other expenses are allocated based on usage. The Association classifies expenses, which are not directly related to a specific program, as Management and General expenses.



**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition**

The real estate assessment levied by the City is recorded by the Association when earned. The City remits these assessments to the Association in two installments. An allowance for doubtful accounts is not provided because all assessments are received in the current year. Assessment billing errors are recorded as a direct reduction of assessment revenue.

Program service revenue relates to fees received in exchange for program services and mainly includes payments related to public plaza events. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

Contributions are considered available for the Association's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Note 2 – Cash and Cash Equivalents**

Cash and cash equivalents consisted of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Checking	\$ 136,447	\$ 49,085
Money market funds	59,617	207,809
Short-term Treasury Bills	<u>499,980</u>	<u>-</u>
	<u>\$ 696,044</u>	<u>\$ 256,894</u>

**Note 3 – Investments**

Long-term and short-term investments in United State Treasury Bills include the following fair values and unrealized appreciation, based on quoted prices in active markets (all Level 1 measurements) at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Fair market value	\$1,199,679	\$ 1,199,796
Cost	<u>1,199,440</u>	<u>1,199,166</u>
Unrealized holding gains/(losses)	<u>\$ 239</u>	<u>\$ 630</u>

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 4 – Investment Income and Other Interest**

Investment income reported on the statements of activities for the years ended June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Interest from money funds	\$ 1,046	\$ 1,891
Interest from investments	493	1,344
Unrealized holding gains/(losses)	<u>239</u>	<u>630</u>
Total investment income	<u>\$ 1,778</u>	<u>\$ 3,865</u>

**Note 5 – Pension Plan**

During fiscal year 2008, the Association adopted a qualified cash or deferred compensation plan under section 403(b) of the Internal Revenue Code. The plan allows for the Association to make discretionary contributions based on the participant's salary. Association contributions to the plan for the years ended June 30, 2012 and 2011 amounted to \$10,867 and \$9,852, respectively.

**Note 6 – Public Plaza License**

In October 2009, the Association signed a five year license agreement, with renewal options, with the New York City Department of Transportation (DOT) to manage and maintain multiple public pedestrian plazas located within the district. The agreement allows the Association to collect special event concession fees, contributions and sponsorships which will be used to offset the cost of managing and maintaining the plazas. Any excess revenue derived from the plazas will be kept in an accrual fund. The accrual fund will be used for any future shortfall in revenue needed to provide the services set forth in the agreement. If at any time the accrual fund contains more than three times the public plaza budget, the excess amount of funds shall be used to provide any services and/or alterations in the public plaza. At the end of the term of the license agreement or at termination, the balance of the accrual fund shall be used to provide any services and/or alterations in the public plaza. During the year ended June 30, 2012, the Association signed two short-term sublicense agreements for kiosks in the public plazas. The revenue from these sublicense agreements will go toward the cost of managing and maintain the plazas.

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 7 – Property and Equipment**

Property and equipment by major class consisted of the following at June 30, 2012 and 2011:

	2012	2011
Equipment	\$ 20,164	\$ 20,164
Furniture & Fixtures	1,066	1,066
Leasehold Improvements	4,225	4,225
	25,455	25,455
Less: Accumulated depreciation and amortization	( 25,225)	( 24,653)
	\$ 230	\$ 802

**Note 8 – Commitments and Contingencies**

The Association leases office space under a noncancelable operating lease. Total rent expense charged to operations for the years ended June 30, 2012 and 2011 was \$57,422 and \$57,900, respectively. As of June 30, 2012 minimum aggregate annual rentals are as follows:

Year ended June 30, 2013	\$ 58,884
2014	60,648
2015	57,255

The Association maintains its bank accounts, money market accounts and treasury bills with financial institutions. Balances that exceed the Federal Deposit Insurance Corporation's (FDIC), Security Investor Protection Corporation's (SIPC), and other insurance coverage's are summarized for the years ended June 30, 2012 and 2011 as follows:

	2012	2011
Institution balances	\$ 1,517,926	\$ 1,454,044
Less: Amounts covered	(1,517,926)	(1,454,044)
Uninsured amounts (investments)	\$ -	\$ -

**FLATIRON/23<sup>RD</sup> STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 9 – Fundraising Expenses**

The Association conducted activities that included direct solicitations for sponsorships (fundraising). The costs of personnel conducting those sponsorship activities included fundraising, administrative and program expenses (collectively defined as joint costs). The total amount allocated to fundraising activities for 2012 and 2011 was \$18,344 and \$17,095, respectively. The total joint costs were allocated for the years ended June 30, 2012 and 2011 as follows:

	2012	2011
Program expenses	\$ 208,965	\$ 192,094
Management and general	51,696	40,638
Fundraising	18,344	17,095
Total joint costs	\$ 279,005	\$ 249,827

**Note 10 – Donated Services and Facilities**

Significant services and facilities were donated to the Association by various organizations and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

For the years ended June 30, 2012 and 2011, \$48,000 and \$43,000, respectively, was received and reported as contributions in-kind on the accompanying statements of activities and consisted of donated facilities, products, design, and production for marketing events and meetings.

**Note 11 – Subsequent Events**

Subsequent events were evaluated for potential additional disclosures and corrections through September 29, 2012, which is the date the financial statements were available to be issued.



# Skody Scot & Company, CPAs, P.C.

352 Seventh Avenue, 9th Floor, New York, NY 10001 • (T) 212-967-1100 • (F) 212-967-2002  
[www.skodyscot.com](http://www.skodyscot.com)

---

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of  
Flatiron/23<sup>rd</sup> Street Partnership  
District Management Association, Inc.

We have audited the financial statements of Flatiron/23<sup>rd</sup> Street Partnership District Management Association, Inc. as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated September 29, 2012, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses, expenses and budget, and public plaza expenses and budget are presented for the 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 audits 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Skody Scot & Company, CPAs, PC*

September 29, 2012

**FLATIRON/23RD STREET PARTNERSHIP DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
(Supplemental Financial Information)  
**YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR 2011**

	2012							2011	
	Program Expenses				Supporting Services			Total Expenses	
	Safety	Sanitation	Marketing	Social Services	Public Improvement	Total Program	Management and General		Fundraising
<b>Personnel costs:</b>									
Executive salaries	\$ 15,600	\$ 15,600	\$ 23,450	\$ 7,800	\$ 54,550	\$ 117,000	\$ 31,796	\$ 7,800	\$ 156,596
Program managers	32,400	32,400	58,688	4,050	16,062	143,600	8,348	7,825	159,773
Support salaries	-	-	29,355	-	22,752	52,107	16,005	-	68,112
Payroll taxes and benefits	7,121	7,120	17,979	2,277	17,694	52,191	16,157	2,719	71,067
Outside contractors	223,032	650,589	30,250	46,758	258,311	1,208,940	8,408	-	1,217,348
<b>Total personnel costs</b>	<b>278,153</b>	<b>705,709</b>	<b>159,722</b>	<b>60,885</b>	<b>369,369</b>	<b>1,573,838</b>	<b>80,714</b>	<b>18,344</b>	<b>1,672,896</b>
<b>Direct expenses:</b>									
Insurance	-	-	-	-	-	-	30,700	-	30,700
Depreciation and amortization	-	-	-	-	-	-	572	-	572
Rent and maintenance	-	-	-	-	-	-	71,641	-	71,641
Office expense	-	-	-	-	-	-	18,520	-	18,520
Postage and delivery	-	-	-	-	-	-	2,630	-	2,630
Printing	-	-	27,553	-	-	27,553	5,282	-	32,835
Professional fees	-	-	-	-	-	-	15,150	-	15,150
Program equipment	-	1,832	-	-	20,481	22,313	-	-	22,313
Special projects and events	-	-	145,584	975	4,556	151,115	-	-	151,115
Supplies	-	-	10,130	242	1,526	11,898	5,059	-	16,957
Telephone	-	-	-	-	-	-	7,560	-	7,560
<b>Total direct expenses</b>	<b>-</b>	<b>1,832</b>	<b>183,267</b>	<b>1,217</b>	<b>26,563</b>	<b>212,879</b>	<b>157,114</b>	<b>-</b>	<b>369,993</b>
<b>Total expenses</b>	<b>\$ 278,153</b>	<b>\$707,541</b>	<b>\$ 342,989</b>	<b>\$ 62,102</b>	<b>\$ 395,932</b>	<b>\$1,786,717</b>	<b>\$237,828</b>	<b>\$18,344</b>	<b>\$2,042,889</b>
									<b>\$ 134,325</b>
									<b>156,633</b>
									<b>61,360</b>
									<b>63,114</b>
									<b>1,084,050</b>
									<b>1,499,482</b>
									<b>30,675</b>
									<b>25,718</b>
									<b>64,968</b>
									<b>18,417</b>
									<b>1,963</b>
									<b>24,154</b>
									<b>16,184</b>
									<b>15,958</b>
									<b>127,002</b>
									<b>25,255</b>
									<b>9,217</b>
									<b>359,511</b>
									<b>\$1,858,993</b>

**FLATIRON/23RD STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
SCHEDULE OF EXPENSES AND BUDGET  
(Supplemental Financial Information)  
YEAR ENDED JUNE 30, 2012**

	<u>Total Expenses</u>	<u>Budget</u>
Personnel costs:		
Executive salaries	\$ 156,596	\$ 157,000
Program managers	159,773	160,000
Support salaries	68,112	73,000
Payroll taxes and benefits	71,067	84,165
Outside contractors	1,217,348	1,270,000
Total personnel costs	<u>1,672,896</u>	<u>1,744,165</u>
Direct expenses:		
Insurance	30,700	38,000
Depreciation and amortization	572	-
Rent and maintenance	71,641	72,000
Office expenses	18,520	20,000
Postage and delivery	2,630	3,000
Printing	32,835	36,000
Professional fees	15,150	25,000
Program equipment	22,313	12,500
Special events and projects	151,115	153,335
Supplies	16,957	51,000
Telephone	7,560	10,000
Total direct expenses	<u>369,993</u>	<u>420,835</u>
Total expenses	<u>\$ 2,042,889</u>	<u>\$ 2,165,000</u>

**FLATIRON/23RD STREET PARTNERSHIP  
DISTRICT MANAGEMENT ASSOCIATION, INC.  
SCHEDULE OF PUBLIC PLAZA  
ACTIVITIES AND BUDGET  
(Supplemental Financial Information)  
YEAR ENDED JUNE 30, 2012**

	<u>Actual Activity</u>	<u>DOT Plaza Budget</u>
<b>Support and Revenues:</b>		
Concession fees, sponsorships and gifts	\$ 227,292	
<b>Expenses:</b>		
Direct expenses:		
Cleaning contractor (Sanitation)	33,223	\$ 42,062
Security contractor (Safety)	31,780	32,865
Horticulture planting contractor (Pub Imp)	31,390	52,428
Horticulture maintenance contractor (Pub Imp)	47,555	26,670
Wifi (Pub Imp)	5,779	17,000
Equipment, furniture, supplies and other (Pub Imp & Mark)	21,145	17,575
Total direct expenses	<u>170,872</u>	<u>188,600</u>
Administrative costs:		
Salaries (Pub Imp)	33,850	36,000
Fringe (Pub Imp)	6,935	5,400
Professional fees (M&G)	750	-
Telephone (M&G)	89	-
Total administrative costs	<u>41,624</u>	<u>41,400</u>
Total expenses	<u>212,496</u>	<u>\$ 230,000</u>
Excess/(deficit) revenues from plaza activities	<u>\$ 14,796</u>	
Balance of Accrual Fund, at end of year	<u>\$ 14,796</u>	

Note - The above information is prepared in accordance with agreement #CT 841 20100011985 with New York City Department of Transportation dated October 7, 2009 and amended on September 14, 2010. The above expenses are included on Page 12 in the (program) noted above. The above expenses do not include prepaid items which amounted to \$75,658 for the fiscal year, and effectively reduced the accrual fund to \$-0-.