

*EAST BROOKLYN DISTRICT  
MANAGEMENT ASSOCIATION, INC.*

**FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORT  
JUNE 30, 2009 AND 2008**

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**INDEPENDENT AUDITOR'S REPORT**

To: The Board of Directors of  
*East Brooklyn District Management Association, Inc.*

We have audited the accompanying statements of financial position of East Brooklyn District Management Association, Inc. as of June 30, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the East Brooklyn District Management Association, Inc.'s management. 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. 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 East Brooklyn District Management Association, Inc. as of June 30, 2009 and 2008, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Ivan W. Harper, C.P.A.*

Brooklyn, New York  
December 18, 2009

***EAST BROOKLYN DISTRICT MANAGEMENT  
ASSOCIATION, INC.***

**JUNE 30, 2009 AND 2008**

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**EAST BROOKLYN DISTRICT MANAGEMENT  
ASSOCIATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
As of June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS:</b>		
Cash	\$ 63,804	\$ 85,531
Contract deposit	4,500	-
Equipment, net of accumulated depreciation of \$19,965 and \$18,499 respectively	<u>6,049</u>	<u>6,593</u>
<b>Total assets</b>	<u><u>74,353</u></u>	<u><u>92,124</u></u>
<b>LIABILITIES AND NET ASSETS:</b>		
<u>Liabilities</u>		
Accounts payable	-	5,989
Due to Local Development Corporation of East New York	7,336	2,031
Due to agency	<u>12,950</u>	<u>12,950</u>
<b>Total liabilities</b>	<u>20,286</u>	<u>20,970</u>
<u>Net Assets</u>		
Unrestricted	54,067	71,154
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
<b>Total net assets</b>	<u>54,067</u>	<u>71,154</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 74,353</u></u>	<u><u>\$ 92,124</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**EAST BROOKLYN DISTRICT MANAGEMENT  
ASSOCIATION, INC.  
STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>REVENUES AND OTHER SUPPORT:</b>		
Assessment revenue	\$ 95,000	\$ 95,000
Other income	<u>630</u>	<u>-</u>
	95,630	95,000
<b>EXPENSES:</b>		
<b>District Program Expenses:</b>		
Pest removal	2,838	3,679
Sanitation	38,690	21,192
Promotion/Advertising	16,440	5,000
Economic development	270	-
Parking study	-	1,020
Community development	3,500	7,670
Postage/Printing	250	-
Website/Technology	<u>600</u>	<u>-</u>
Total District Program Expense	<u>62,588</u>	<u>38,561</u>
<b>Management and General Expenses:</b>		
Labor cost	36,400	28,350
Insurance	1,981	1,897
Office supplies and expenses	1,000	750
Postage/Printing	-	250
Accounting and audit fees	4,800	7,600
Telephone	1,200	1,200
Utilities	628	1,125
Maintenance	550	550
Annual event	187	-
BID event	-	38
Other	<u>1,769</u>	<u>1,187</u>
Total Management and General Expenses	48,515	42,947
Depreciation	<u>1,614</u>	<u>1,466</u>
Total expenses	<u>112,717</u>	<u>82,974</u>
<b>Change in net assets</b>	(17,087)	12,026
<b>NET ASSETS, BEGINNING OF THE YEAR</b>	<u>71,154</u>	<u>59,128</u>
<b>NET ASSETS, END OF THE YEAR</b>	<u>\$ 54,067</u>	<u>\$ 71,154</u>

The accompanying notes to the financial statements are an integral part of this statement.

**EAST BROOKLYN DISTRICT MANAGEMENT  
ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (17,087)	\$ 12,026
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,614	1,466
( Increase)/Decrease in: Contract deposit	(4,500)	- -
Increase/(Decrease) in: Accounts payable	(5,989)	(1,622)
Due to Local Development Corporation of East New York	<u>5,305</u>	<u>(650)</u>
<b>Total adjustments</b>	<u>(3,570)</u>	<u>(806)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(20,657)</u>	<u>11,220</u>
<b>INVESTING ACTIVITIES:</b>		
Equipment purchases	<u>(1,070)</u>	<u>-</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(1,070)</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>	(21,727)	11,220
<b>CASH AT BEGINNING OF YEAR</b>	<u>85,531</u>	<u>74,311</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 63,804</u>	<u>\$ 85,531</u>

The accompanying notes to the financial statements are an integral part of this statement.

***EAST BROOKLYN DISTRICT MANAGEMENT  
ASSOCIATION, INC.***  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 1.      ORGANIZATION**

General

East Brooklyn District Management Association, Inc. (the Association) was incorporated on February 18, 1983 to create a Business Improvement District (BID) within a forty-block area known as East Brooklyn Park. Under the BID concept, New York City levies special assessments on businesses within the BID and remits these funds to the Association through the New York City Department of Business Services. The BID assessment is the only source of funding to the Association and is used to supplement basic services provided by the City of New York.

The Association's activities or services may include expenditures that will enhance the safety, convenience, cleanliness, attractiveness or usefulness of the BID, such as marketing and area maintenance.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

**NOTE 2.**

**SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

Cash

For purposes of the statement of cash flows, cash includes unrestricted time deposits, certificates of deposit and highly liquid debt instruments with original maturities of three months or less. In addition, the statement of cash flows excludes permanently restricted cash.

Public Support and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Association that is in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

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

Income Taxes

The Association has received a determination letter from the Internal Revenue Service concluding that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170(b)(1)(A).

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)**

Property and Equipment

Equipment is recorded at cost, except for donated items, which are recorded at the fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives range from 3 to 7 years. It is the Association's policy to capitalize expenditures for fixed assets costing \$350 or more.

Assessments

The real estate assessment levied by the City is recorded by the Association when earned. The City remits monies to the Association based on its collections. An allowance for doubtful accounts is not provided because delinquent assessments are treated as unpaid taxes, and as such, collection is enforceable under New York City law.

**NOTE 3. RELATED PARTY TRANSACTIONS**

Local Development Corporation of East New York (LDC) under a contract with the Association provides certain administrative services for the Association. In addition LDC personnel perform various Association program related activities, which the LDC is compensated for. The Executive Director of LDC supervises the operations of the Association. For the years ended June 30, 2009 and 2008 the Board of Directors approved expense budgets totaling \$95,000 each year. The Association disbursed \$49,200 and \$42,589 respectively to LDC to administer the Association and carry out various programs.

**NOTE 4. OVER BUDGET EXPENDITURE**

During the current year the Board of Directors approved the use of \$20,000 of additional funds for cleaning and sweeping operations in the BID.

**NOTE 5. DUE TO AGENCY**

During the year ended June 30, 2005 the New York City Department of Business Services over-funded the Corporation by \$12,950. The funds have not been repaid as of the date of this report.

**NOTE 6. UNRESTRICTED AND TEMPORARILY RESTRICTED NET ASSETS**

All funds received from the assessments levied on the property owners in the East Brooklyn Industrial Park District are received for the purpose of promoting the general welfare of the people in the East Brooklyn Industrial Park area. All funds received under these assessments are to be used solely for the operation and maintenance of and improvements to the designated area. These funds are considered unrestricted as expended.

**NOTE 7. CONCENTRATION OF RISK AND UNCERTAINTIES**

During the years ended June 30, 2009 and 2008, the Association received 99% and 100% respectively of its total support from the New York City Department of Business Services.

**NOTE 8. SUBSEQUENT EVENTS**

The Corporation has evaluated all subsequent events through December 18, 2009, the date the financial statements were available to be issued.

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**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

To: The Board of Directors of  
*East Brooklyn District Management Association, Inc.*

Our audit of the basic financial statements included in the preceding section of this report was performed for the purpose of forming an opinion on those statements taken as a whole. The supplemental material presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, the supplemental material is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ivan W. Harper, C.P.A.*

Brooklyn, New York  
December 18, 2009

**EAST BROOKLYN DISTRICT MANAGEMENT  
ASSOCIATION, INC.**  
**SCHEDULES OF EXPENSES AND BUDGET**  
**(Supplemental Financial Information)**  
**For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>		<u>2008</u>	
<b>Program Expenses:</b>	<u>Expenses</u>	<u>Assessment Budget</u>	<u>Expenses</u>	<u>Assessment Budget</u>
Pest Removal	\$ 2,838	\$ 2,153	\$ 3,679	\$ 4,000
Sanitation (Cleaning, Sweeping & Snow Removal)	38,690	17,046	21,192	24,000
Promotion / Advertising	16,440	7,150	5,000	12,500
Economic development	270	5,522	1,270	5,000
Community development	3,500	5,000	7,670	3,300
Postage/Printing	250	-	-	-
Website/Technology	600	-	-	-
	<u>62,588</u>	<u>36,871</u>	<u>38,811</u>	<u>48,800</u>
Total Program Expenses				
<b>Management and General Expenses:</b>				
Labor cost	36,400	36,400	28,350	28,350
Insurance	1,981	3,793	1,897	2,500
Office supplies and expenses	1,000	1,000	750	750
Postage/Printing	-	500	-	750
Accounting and audit fees	4,800	7,000	7,600	6,500
Telephone	1,200	1,200	1,200	1,200
Utilities	628	1,000	1,125	1,172
Website	-	1,417	-	1,428
BID Events	-	1,000	38	750
Maintenance and cleaning	550	550	550	550
Annual event	187	1,000	-	1,000
Travel	250	250	187	250
Equipment	1,070	2,000	-	-
Other	1,519	1,019	1,000	1,000
	<u>49,585</u>	<u>58,129</u>	<u>42,697</u>	<u>46,200</u>
Total Management and General Expenses				
Depreciation	<u>1,614</u>	<u>-</u>	<u>1,466</u>	<u>-</u>
Total	<u>\$ 113,787</u>	<u>\$ 95,000</u>	<u>\$ 82,974</u>	<u>\$ 95,000</u>

The preceding notes to financial statements are an integral part of this schedule.