

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

FINANCIAL STATEMENTS

AS OF AND

FOR THE YEAR ENDED JUNE 30, 2016

TOGETHER WITH AUDITORS' OPINION



Aston Bell & Associates
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EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
East Brooklyn District Management Association, Inc.
80 Jamaica Avenue, 3rd Floor
Brooklyn, NY 11207

Report on the Financial Statements

We have audited the accompanying statement of financial position of East Brooklyn District Management Association, Inc., (the, "Organization") as of June 30, 2016, and the related statements of activities, cash flows and functional expenses 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 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit 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 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 Organization'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 Organization'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 East Brooklyn District Management Association, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2016 on our consideration of East Brooklyn District Management Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and in considering East Brooklyn District Management Association, Inc.'s internal control over financial reporting and compliance.

Aston Bell CPA

New York, New York
November 15, 2016

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
 STATEMENT OF FINANCIAL POSITION
 AS OF JUNE 30, 2016

<u>ASSETS</u>		<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Cash and Cash Equivalents	(Notes 2,3)	\$ 20,851	\$ 61,431	\$ 82,282
Equipment, Net	(Notes 2,4)	645	-	645
Total Assets		<u>\$ 21,496</u>	<u>\$ 61,431</u>	<u>\$ 82,927</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Accruals		\$ 3,356	\$ -	\$ 3,356
Deferred Revenue	(Note 5)	-	61,431	61,431
Net Assets - Unrestricted		18,140	-	18,140
Net Assets - Temporarily Restricted		-	-	-
Total Liabilities and Net Assets		<u>\$ 21,496</u>	<u>\$ 61,431</u>	<u>\$ 82,927</u>

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

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

REVENUES AND OTHER SUPPORT	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Assessment Revenue	\$ 142,500	\$ -	\$ 142,500
Total Revenue	<u>142,500</u>	<u>-</u>	<u>142,500</u>
EXPENSES			
Program Services:			
Business Neighborhood Development	79,973	-	79,973
Total Program Services	<u>79,973</u>	<u>-</u>	<u>79,973</u>
Supporting Services:			
Management and General	69,888	-	69,888
Total Supporting Services	<u>69,888</u>	<u>-</u>	<u>69,888</u>
Total Expenses	<u>149,861</u>	<u>-</u>	<u>149,861</u>
Change In Net Assets	(7,361)	-	(7,361)
Net Asset at Start of Year	25,501	-	25,501
Net Asset at End of Year	<u>\$ 18,140</u>	<u>\$ -</u>	<u>\$ 18,140</u>

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

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

Net Cash Flows From Operating Activities:

Change in Net Assets	\$ (7,361)
Depreciation Expense	1,595
(Increase)/Decrease in Assessment Receivable	446
Increase/(Decrease) in Current Liabilities	356
Increase/(Decrease) in Deferred Revenues	61,431
Net Cash provided by Operating Activities	<u>56,467</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>56,467</u>
Cash and Cash Equivalents at the Beginning of Year	25,815
Cash and Cash Equivalents at the Year End	<u><u>\$ 82,282</u></u>

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

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2016

EXPENSES	MANAGEMENT AND GENERAL	PROGRAM SERVICE	TOTAL
	<u> </u>	<u> </u>	<u> </u>
Salaries	\$ 43,500	\$ -	\$ 43,500
Fringe Benefits	11,868	-	11,868
Pest Extermination	-	1,958	1,958
Cleaning and Sweeping	-	53,076	53,076
Promotion and Advertising	-	9,314	9,314
Economic Development	-	15,100	15,100
Community Development	-	525	525
Other Than Personal Services	14,520	-	14,520
 Total Expenses	 <u>\$ 69,888</u>	 <u>\$ 79,973</u>	 <u>\$ 149,861</u>

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

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Note 1 - Background

In 1983, East Brooklyn District Management Association, Inc., (“EBDMA”) was organized under the Laws of the State of New York and is exempt from taxation under Section 501 (c) (3) of the Internal Revenue Code.

The EBDMA was organized to create a Business Improvement District, (“BID”) within a forty block area in East Brooklyn Park area to enhance the business environment, bolster economic activity, and supplement municipal services. The Association’s activities and services include maintenance, and supportive services.

Revenues, (“Assessments”) for the fiscal year ended June 30, 2016 per agreement with New York City Department of Small Business Services, (“SBS”) was \$142,500. Also, during 2016, a budget was established for 2017 of \$142,500, which includes assessment of \$142,500.

Note 2 - Summary of Significant Accounting Policies

Financial Statement Accounting Basis and Presentation

The financial statements of the East Brooklyn District Management Association, Inc. are prepared on the accrual basis of accounting following accounting principles generally accepted in the United States of America. EBDMA 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.

Unrestricted: Financial resources available for support of its organizational purposes. One hundred percent (100%) of revenues are received from the special BID assessments made by New York City which are based on levies on businesses and funded through SBS.

Temporarily Restricted: Generally, East Brooklyn District Management Association, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 and reported in the statement of activities as net assets released from restrictions.

For the fiscal year ended June 30, 2016, there were no temporarily restricted amounts.

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Financial Statement Accounting Basis and Presentation (Continued)

Permanently Restricted: Generally, East Brooklyn District Management Association, Inc. reports contributions and other inflows of assets as restricted support if they are received with donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of EBDMA. This donor imposed restriction permits EBDMA to use up or expend part or all of the income derived from the donated assets.

For the fiscal year ended June 30, 2016, there were no permanently restricted amounts.

Contributions

Under accounting principles generally accepted in the United States of America, East Brooklyn District Management Association, Inc. reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are to be reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, East Brooklyn District Management Association, Inc. reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes - East Brooklyn District Management Association, Inc. is exempt from Federal income taxes under Section 501 (c) (3) of the US Internal Revenue Code.

Revenue Recognition

One hundred percent (100%) of revenues are received from the special BID assessments made by New York City which are based on levies on businesses and funded through SBS.

Generally, all 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), restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, revenues whose restrictions are met within the same fiscal year are initially recorded and classified as unrestricted net assets.

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

Note 2 - **Summary of Significant Accounting Policies (Continued)**

Financial Statement Presentation (Continued)

Depreciation

Depreciation is provided over the useful life of Equipment on a straight - line basis. The estimated useful lives for Equipment range from 3-7 years.

Capitalization Policy

Furniture and Equipment is recorded at cost, if purchased, or fair value, if donated. Property and Equipment of less than seven hundred (\$700) dollars is expensed.

Cash Equivalents

For the purposes of the statement of cash flows, EBDMA considers all highly liquid debt instruments purchased within maturity of three months or less to be cash equivalents.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, assessment receivable, and accruals is a reasonable estimate of their fair value due to their short-term nature.

Note 3 - **Cash and Cash Equivalents**

Cash and Cash Equivalents represent cash held in the Organization's operating account at Citibank including amounts received in advance from New York City (see Note 5). At June 30, 2016, Cash and Cash Equivalents are \$82,282.

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

Note 4 - **Equipment, Net**

Equipment, Net at June 30, 2016 consisted of the following:

Equipment	\$ 32,911
Less: Accumulated Depreciation	(32,266)
Equipment, Net	<u>\$ 645</u>

Depreciation Expense at June 30, 2016 is \$1,595.

Note 5 - **Deferred Revenues**

Deferred Revenues represent funds received in advance from New York City that were not expended for the program as of June 30, 2016. For the year ended June 30, 2016, Deferred Revenues is \$61,431.

Note 6 - **Concentrations of Revenue Sources**

EBDMA receives one hundred (100%) of its revenues from assessment funds from New York City. Any significant change in the government's approach to funding could significantly affect its revenues and the Organization's ability to function. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

Note 7 - **Related Party**

Two members of the Board of Directors of the EBDMA are also members of the Board of Directors of Local Development Corporation of East New York, ("LDCENY").

EBDMA shares office space, equipment, management services, bookkeeping, administrative services, and personnel with LDCENY through an agreement with them.

Note 8 - **Subsequent Events**

EBDMA evaluated its June 30, 2016 financial statements for subsequent events through November 15, 2016, the date the financial statements were available to be issued. EBDMA is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
 SCHEDULE OF REVENUES AND EXPENSES COMPARED TO ASSESSMENT
 FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE 1

BUDGET PERIOD: 07/01/2015 - 06/30/2016

AUDIT PERIOD: 07/01/2015 - 06/30/2016

	Actual	Assessment	Variance
REVENUE			
Special Assessment	\$ 142,500	\$ 142,500	\$ -
Total Revenue	<u>142,500</u>	<u>142,500</u>	<u>-</u>
EXPENDITURES			
Program Expense:			
Pest Extermination	1,958	1,635	(323)
Cleaning and Sweeping	53,076	37,467	(15,609)
Promotion and Advertising	6,694	15,000	8,306
Economic Development	17,720	18,746	1,026
Community Development	525	-	(525)
Total	<u>79,973</u>	<u>72,848</u>	<u>(7,125)</u>
General and Administration:			
Personal Services			
Salaries	43,500	43,500	-
Fringe Benefits	11,868	11,868	-
Total	<u>55,368</u>	<u>55,368</u>	<u>-</u>
Other Than Personal Services	14,520	14,284	(236)
Total	<u>14,520</u>	<u>14,284</u>	<u>(236)</u>
Total Expenditure	<u>149,861</u>	<u>142,500</u>	<u>(7,361)</u>
Surplus/(Deficit)	<u>\$ (7,361)</u>	<u>\$ -</u>	<u>\$ (7,361)</u>



Aston Bell
Certified Public Accountant

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON**

**COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

Board of Directors
East Brooklyn District Management Association, Inc.
80 Jamaica Avenue, 3rd Floor
Brooklyn, NY 11207

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of East Brooklyn District Management Association, Inc., as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2016.

Internal Control Over Financial Reporting

In planning and performing the audit of the financial statements, we considered East Brooklyn District Management Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of East Brooklyn District Management Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of East Brooklyn District Management Association, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Brooklyn District Management Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aston Bell CPA

New York, New York
November 15, 2016