

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

FINANCIAL STATEMENTS

AS OF AND

FOR THE YEAR ENDED JUNE 30, 2022

TOGETHER WITH AUDITORS' OPINION



Aston Bell & Associates

Certified Public Accountants

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

Opinion

We have audited the accompanying statement of financial position of East Brooklyn District Management Association, Inc. as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Brooklyn District Management Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Brooklyn District Management Association, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing the audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks for material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of East Brooklyn District Management Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Brooklyn District Management Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant findings, and certain internal control – related matters that we identified during the audit.

Aston Bell, CPA

Rancocas, New Jersey
December 13, 2022

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
 STATEMENT OF FINANCIAL POSITION
 AS OF JUNE 30, 2022

| <u>ASSETS</u> | | <u>WITHOUT DONOR RESTRICTIONS</u> | <u>WITH DONOR RESTRICTIONS</u> | <u>TOTAL</u> |
|---------------------------------------|-------------|---------------------------------------|------------------------------------|------------------|
| Cash and Cash Equivalents | (Notes 2,3) | \$ 35,178 | \$ - | \$ 35,178 |
| Equipment, Net | (Notes 2,4) | 645 | - | 645 |
| Total Assets | | <u>\$ 35,823</u> | <u>\$ -</u> | <u>\$ 35,823</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| Accounts Payable and Accruals | | \$ 2,995 | \$ - | \$ 2,995 |
| Net Assets: | | | | |
| Without Donor Restrictions - Reserve | | 14,250 | - | 14,250 |
| Without Donor Restrictions | | 18,578 | - | 18,578 |
| With Donor Restrictions | | - | - | - |
| Total Net Assets | | <u>32,828</u> | <u>-</u> | <u>32,828</u> |
| Total Liabilities and Net Assets | | <u>\$ 35,823</u> | <u>\$ -</u> | <u>\$ 35,823</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, 2022

| REVENUES AND OTHER SUPPORT | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | 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 | 108,355 | - | 108,355 |
| Total Program Services | <u>108,355</u> | <u>-</u> | <u>108,355</u> |
| Supporting Services: | | | |
| Management and General | 35,601 | - | 35,601 |
| Total Supporting Services | <u>35,601</u> | <u>-</u> | <u>35,601</u> |
| Total Expenses | <u>143,956</u> | <u>-</u> | <u>143,956</u> |
| Change In Net Assets | (1,456) | - | (1,456) |
| Net Asset at Start of Year | 34,284 | - | 34,284 |
| Net Asset at End of Year | <u>\$ 32,828</u> | <u>\$ -</u> | <u>\$ 32,828</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, 2022

Net Cash Flows From Operating Activities:

| | | |
|--|----|-----------------|
| Change in Net Assets | \$ | (1,456) |
| Increase/(Decrease) in Accounts Payable and Accruals | | (16,254) |
| Increase/(Decrease) in Due to LDCENY | | (6,115) |
| Net Cash provided by Operating Activities | | <u>(23,825)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | (23,825) |
| Cash and Cash Equivalents at the Beginning of Year | | 59,003 |
| Cash and Cash Equivalents at the Year End | \$ | <u>35,178</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, 2022

| EXPENSES | SUPPORTING SERVICES | | TOTAL |
|------------------------------|---------------------|------------------------|-------------------|
| | PROGRAM SERVICES | MANAGEMENT AND GENERAL | |
| Salaries | \$ 21,750 | \$ 21,750 | \$ 43,500 |
| Fringe Benefits | 5,753 | 5,752 | 11,505 |
| Cleaning and Sweeping | 37,477 | - | 37,477 |
| Promotion and Advertising | 9,926 | - | 9,926 |
| Economic Development | 19,500 | - | 19,500 |
| Community Development | 5,850 | - | 5,850 |
| Other Than Personal Services | 8,099 | 8,099 | 16,198 |
| Total Expenses | <u>\$ 108,355</u> | <u>\$ 35,601</u> | <u>\$ 143,956</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, 2022

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, 2022 per agreement with New York City Department of Small Business Services, (“SBS”) were \$142,500.

Note 2 - **Summary of Significant Accounting Policies**

Basis of Accounting and Presentation

The financial statements of EBDMA have been prepared on the accrual basis of accounting following accounting principles generally accepted in the United States of America.

New Accounting Policies from Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update, (“ASU”) No. 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities (“ASU 2016-14”). ASU 2016-14 changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes to those resources) to donors, grantors, and creditors, and other users. These include qualitative and quantitative requirements in the following areas: • Net Asset Classes; • Investment Return; • Expenses; • Liquidity and Availability of Resources; and • Presentation of Operating Cash Flows.

Under the provisions of the Guide - ASU 2016-14, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the BID and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the BID. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time. As of the year ended June 30, 2022, the net assets without donor restrictions – reserve set aside by the board is \$14,250. The BID assessments made by New York City is the primary source of support for the organization. In the current year, the BID assessments represent one hundred (100%) of the Organization’s revenues.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. For the fiscal year ended June 30, 2022, there were no Net assets with donor restrictions.

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

New Accounting Policies from Recent Accounting Pronouncements (Continued)

The Organization has implemented ASU 2016-14 changes; there was no impact on the Organization's change in net assets or financial position upon adoption of the new standard.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 that introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard is effective for fiscal years beginning after December 15, 2018, with early adoption permitted for nonpublic entities.

The Organization has implemented ASU 2014-09 changes; there was no impact on the Organization's change in net assets or financial position upon adoption of the new standard.

Cash and 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 and cash equivalents.

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

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

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 net assets without donor restriction 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 net assets with donor restriction 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.

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

Revenue Recognition

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

Generally, all donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction 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 net assets without donor restriction.

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.

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.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

Note 3 - **Cash and Cash Equivalents**

Cash and Cash Equivalents represent cash held in the Organization's operating account at Citibank. At June 30, 2022, Cash and Cash Equivalents are \$35,178.

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 4 - **Equipment, Net**

Equipment, Net at June 30, 2022 consisted of the following:

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

Depreciation Expense at June 30, 2022 is \$0.

Note 5 - **Concentrations of Revenue Sources**

EBDMA receives one hundred percent (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 6 - **Related Party**

One member of the Board of Directors of the EBDMA is also a member 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 7 - **Liquidity and Availability**

The Organization's Financial Assets are available for general expenditure, that is without donor restrictions limiting their use, within one year of the balance sheet date. The Financial Assets comprise of Cash and Cash Equivalents of \$35,178. There were no donor restrictions on Cash and Cash Equivalents to be used in the next year.

EAST BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 8 - **Functional Expenses**

The Organization's financial statements report certain categories of expenses that are attributed to one program: Business Neighborhood and Development and one support function: Management and General. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: salaries and fringe benefits, sanitation, promotions and advertising, economic development and other than personal services which are allocated based on actual costs and reasonable percentage estimates of cost line items.

Note 9 - **Subsequent Events**

EBDMA evaluated its June 30, 2022 financial statements for subsequent events through December 13, 2022, 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, 2022

SCHEDULE 1

| | 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: | | | |
| Cleaning & Sweeping and Pest Extermination | 37,477 | 45,000 | 7,523 |
| Promotion and Advertising | 9,926 | 10,000 | 74 |
| Economic Development | 25,350 | 20,000 | (5,350) |
| Total | <u>72,753</u> | <u>75,000</u> | <u>2,247</u> |
| General and Administration: | | | |
| Personal Services | | | |
| Salaries | 43,500 | 43,500 | - |
| Fringe Benefits | 11,505 | 11,505 | - |
| Total | <u>55,005</u> | <u>55,005</u> | <u>-</u> |
| Other Than Personal Services | 16,198 | 12,495 | (3,703) |
| Total | <u>16,198</u> | <u>12,495</u> | <u>(3,703)</u> |
| Total Expenditure | <u>143,956</u> | <u>142,500</u> | <u>(1,456)</u> |
| Surplus/(Deficit) | <u>\$ (1,456)</u> | <u>\$ -</u> | <u>\$ (1,456)</u> |