

GRAND STREET  
DISTRICT MANAGEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2014 AND 2013

**TYRONE ANTHONY SELLERS**  
*Certified Public Accountant*

GRAND STREET  
DISTRICT MANAGEMENT ASSOCIATION, INC.

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**TYRONE ANTHONY SELLERS**  
*Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Grand Street District Management Association, Inc.  
Brooklyn, New York

Report on the Financial Statements

I have audited the accompanying statement of financial position of the Grand Street District Management Association, Inc. as of June 30, 2014 and the related statements of activities and change in net assets, functional expenses and cash flows 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Street District Management Association, Inc. as of June 30, 2014, and the results of its operations and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Grand Street District Management Association, Inc.'s 2013 financial statements, and expressed an unmodified opinion on those financial statements in my report dated September 10, 2013. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

September 18, 2014



## GRAND STREET DISTRICT MANAGEMENT ASSOCIATION. INC.

## STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2014 AND 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
<u>Current Assets</u>		
Cash	\$ 182,018	\$ 173,210
Accounts Receivable	2,000	-
Grant Receivable	11,599	12,172
Prepaid Expense	1,675	1,656
Total Current Assets	<u>197,292</u>	<u>187,038</u>
<u>Fixed Assets</u>		
Leasehold Improvements	15,425	15,425
Office Equipment	10,262	9,388
Less Accumulated Depreciation	(20,245)	(17,639)
Total Fixed Assets	<u>5,442</u>	<u>7,174</u>
Total Assets	<u>\$ 202,734</u>	<u>\$ 194,212</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	<u>\$ 7,236</u>	<u>\$ 11,293</u>
<u>Net Assets</u>		
Unrestricted Net Assets	195,498	182,419
Temporarily Restricted Net Assets	-	500
Total Net Assets	<u>195,498</u>	<u>182,919</u>
Total Liabilities and Net Assets	<u>\$ 202,734</u>	<u>\$ 194,212</u>

The accompanying notes are an integral part of these statements.

**TYRONE ANTHONY SELLERS**  
*Certified Public Accountant*

## GRAND STREET DISTRICT MANAGEMENT ASSOCIATION. INC.

## STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2014  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE  
YEAR ENDED JUNE 30, 2013

	2014			2013
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Support and Revenue</u>				
Assessment Revenue	\$ 199,106	\$ -	\$ 199,106	\$ 181,168
Grant Income	29,268	—	29,268	27,172
Contributions	7,300	—	7,300	5,385
In-Kind Services and Goods	2,216	—	2,216	30,941
Interest Income	230	—	230	323
Total Support and Revenue	238,120	—	238,120	244,989
Release from restrictions	500	(500)	—	—
Total Support and Revenue	238,620	(500)	238,120	244,989
<u>Expenses</u>				
<u>Program Services</u>				
Beautification & Enhancements	24,571	—	24,571	—
Promotions & Special Events	66,216	—	66,216	67,902
Sanitation	66,746	—	66,746	77,776
Retail Attraction	17,222	—	17,222	16,583
Total Program Services	174,755	—	174,755	162,261
<u>Supporting Services</u>				
Management and General	50,786	—	50,786	82,690
Total Expenses	225,541	—	225,541	244,951
Change in Net Assets	13,079	(500)	12,579	38
Net assets at beginning of year	182,419	500	182,919	182,881
Net assets at end of year	\$ 195,498	\$ -	\$ 195,498	\$ 182,919

The accompanying notes are an integral part of this statement.

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## GRAND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013

	PROGRAM SERVICES					SUPPORTING SERVICES		
	Beautification and <u>Enhancements</u>	Promotions and Special <u>Events</u>	<u>Sanitation</u>	Retail <u>Attraction</u>	Total Program <u>Services</u>	Management and <u>General</u>	2014 Total <u>Expenses</u>	2013 Total <u>Expenses</u>
Payroll, payroll taxes and fringe	\$ 7,603	\$ 26,610	\$ 11,404	\$ 3,801	\$ 49,418	\$ 26,603	\$ 76,021	\$ 74,369
Consultants	—	1,600	—	12,668	14,268	3,626	17,894	19,772
Contracted Services	8,725	7,711	—	—	16,436	3,260	19,696	7,857
Office and Related Costs	—	3,224	—	8	3,232	3,255	6,487	4,570
Advertising Expense	—	1,187	—	—	1,187	202	1,389	90
Dues, Subscriptions & Registrations	—	—	—	—	—	564	564	308
Occupancy Costs	1,449	5,072	2,174	725	9,420	5,072	14,492	14,250
Insurance	—	395	—	—	395	1,902	2,297	4,100
Graffiti Removal	—	—	6,600	—	6,600	—	6,600	7,200
Holiday Lights	—	11,850	—	—	11,850	—	11,850	17,700
Supplemental Sidewalk Cleaning	—	—	46,568	—	46,568	—	46,568	43,988
Business owner sub-grants	6,599	—	—	—	6,599	—	6,599	—
In-Kind Services & Goods	—	—	—	—	—	2,216	2,216	951
In-Kind Services - Legal	—	—	—	—	—	—	—	29,990
Promotions and Events	—	7,839	—	—	7,839	—	7,839	9,115
Travel, Meetings and Related Costs	86	728	—	20	834	1,376	2,210	1,556
Miscellaneous	109	—	—	—	109	104	213	162
Depreciation	—	—	—	—	—	2,606	2,606	8,973
<b>Total</b>	<b>\$ 24,571</b>	<b>\$ 66,216</b>	<b>\$ 66,746</b>	<b>\$ 17,222</b>	<b>\$ 174,755</b>	<b>\$ 50,786</b>	<b>\$ 225,541</b>	<b>\$ 244,951</b>

The accompanying notes are an integral part of this statement.

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## GRAND STREET DISTRICT MANAGEMENT ASSOCIATION. INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	<u>\$ 12,579</u>	<u>\$ 38</u>
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities</u>		
Depreciation expense	2,606	8,973
Increase in accounts receivable	(2,000)	-
Decrease/(increase) in grant receivable	573	(12,172)
(Increase)/decrease in prepaid expense	(19)	2,613
(Decrease)/increase in accounts payable	<u>(4,057)</u>	<u>3,434</u>
Total adjustments	<u>(2,897)</u>	<u>2,848</u>
Net cash provided by operating activities	9,682	2,886
<u>Cash Flows From Investing Activities</u>		
Purchase of fixed assets	<u>(874)</u>	<u>-</u>
Net increase in cash	8,808	2,886
Cash balance at beginning of year	<u>173,210</u>	<u>170,324</u>
Cash balance at end of year	<u>\$ 182,018</u>	<u>\$ 173,210</u>
<u>Supplemental Information for Cash Flows</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

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GRAND STREET  
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2014

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Grand Street District Management Association, Inc. (“GSDMA”) was formed on April 15, 1983 under Section 402 of the Not-For-Profit Corporation Law of the State of New York. The primary purpose of GSDMA is to manage the Grand Street Business Improvement District (“GSBID”), a six-block shopping district between Bushwick and Union Avenues in East Williamsburg section of Brooklyn. GSDMA entered into a contract with the City of New York to provide the GSBID with the following supplemental services: maintenance, holiday and seasonal decorations, promotion, administration and additional services which GSDMA determines useful.

A summary of significant accounting policies of GSDMA are as follows.

Basis of Accounting – The accompanying financial statements were prepared on the accrual basis of accounting.

Capitalization and depreciation – Fixed Assets are recorded at cost, and are capitalized and depreciated over their estimated service lives using the straight-line method of depreciation. The estimated service life of the assets for depreciation purposes may be different from their actual economic useful lives. Fixed Assets purchased with government contracts are expensed in the year purchased.

Income Taxes – GSDMA is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. GSDMA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2010 and subsequent remain subject to examination by applicable taxing authorities.

Contributions – Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets and then reclassified to unrestricted net assets when the restriction expires. Restricted contributions received and expensed in the same fiscal year are reflected as unrestricted revenues.

Financial Statements – GSDMA’s financial statements adhere to the established standards for external financial statements provided by not-for-profit organizations which require that resources be classified for accounting and reporting purposes into three classes of net assets – permanently restricted, temporarily restricted and unrestricted.

The financial statements include certain prior-year summarized comparative financial information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Deferred grant/advances payable – Deferred grant/advances payable consists of grant and/or contract receipts received in advance of the periods to which they are to be earned, and if not earned the advance(s) will have to be returned.

Cash and Cash Equivalents – GSDMA maintains its cash in bank deposit accounts which at times may exceed federally insured limits. GSDMA has not experienced any losses in such accounts. GSDMA believes it is not exposed to any significant credit risk on cash. For financial statement purposes, GSDMA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

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GRAND STREET  
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2014

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events – Subsequent events have been evaluated through September 18, 2014, which is the date the financial statements were available to be issued.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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 Expense – GSDMA allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are charged directly to the particular program according to their natural expense classification.

Note 2 – ASSESSMENT REVENUE

The City of New York agreed to pay GSDMA all of the proceeds actually collected by the City pursuant to a special assessment levied by the City upon real property within the district. The assessment collected and received for the fiscal years ended June 30, 2014 and June 30, 2013 were \$199,106 and \$181,168, respectively.

Note 3 – OPERATING LEASE

GSDMA has a rental lease agreement for its office space located at 246 Graham Avenue, Brooklyn, NY. The rental lease expires December 31, 2014. Previous to July 2014, in addition to the monthly rent GSDMA was to pay \$36.50 per month for water and sewer. Commencing July 2014, GSDMA will begin to make water and sewer payments directly to NYC DEP. The annual rent lease payments for the remaining one and a half years are as follows:

<u>Year Ending June 30,</u>	
2015 (six months ending 12/31/14)	<u>\$ 6,537</u>
Total	<u>\$ 19,421</u>

Note 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Weekend Walk Event	<u>\$ -0-</u>	<u>\$ 500</u>

Note 5 – PROGRAM GRANTS

Certain government and other grants may be subject to audit by the funding sources. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this point in time. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.

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