

GRAND STREET
DISTRICT MANAGEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2013 AND 2012

TYRONE ANTHONY SELLERS
Certified Public Accountant

GRAND STREET
DISTRICT MANAGEMENT ASSOCIATION, INC.

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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, 2013 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. The prior year summarized comparative information has been derived from Grand Street District Management Association, Inc.'s 2012 financial statements which were audited by other auditors, whose report dated November 12, 2012, expressed an unqualified opinion on those 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, 2013, 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.



St. Albans, New York
September 10, 2013

GRAND STREET DISTRICT MANAGEMENT ASSOCIATION. INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
<u>Current Assets</u>		
Cash	\$ 173,210	\$ 170,324
Grant Receivable	12,172	—
Prepaid Expense	<u>1,656</u>	<u>4,272</u>
Total Current Assets	<u>187,038</u>	<u>174,596</u>
<u>Fixed Assets</u>		
Leasehold Improvements	15,425	15,425
Office Equipment	9,388	9,388
Less Accumulated Depreciation	<u>(17,639)</u>	<u>(8,666)</u>
Total Fixed Assets	<u>7,174</u>	<u>16,147</u>
Total Assets	<u>\$ 194,212</u>	<u>\$ 190,743</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	<u>\$ 11,293</u>	<u>\$ 7,862</u>
<u>Net Assets</u>		
Unrestricted Net Assets	182,419	182,881
Temporarily Restricted Net Assets	<u>500</u>	<u>—</u>
Total Net Assets	<u>182,919</u>	<u>182,881</u>
Total Liabilities and Net Assets	<u>\$ 194,212</u>	<u>\$ 190,743</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, 2013
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE
 YEAR ENDED JUNE 30, 2012

	2013			2012
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Support and Revenue</u>				
Assessment Revenue	\$ 181,168	\$ -	\$ 181,168	\$ 181,169
Grant Income	27,172	—	27,172	—
Contributions	4,885	500	5,385	—
In-Kind Services and Goods	30,941	—	30,941	—
Interest Income	323	—	323	309
Total Support and Revenue	<u>244,489</u>	<u>500</u>	<u>244,989</u>	<u>181,478</u>
Release from restrictions	—	—	—	—
Total Support and Revenue	<u>244,489</u>	<u>500</u>	<u>244,989</u>	<u>181,478</u>
<u>Expenses</u>				
<u>Program Services</u>				
Promotions & Special Events	67,902	—	67,902	25,487
Sanitation	77,776	—	77,776	52,560
Retail Attraction	16,583	—	16,583	—
Total Program Services	<u>162,261</u>	<u>—</u>	<u>162,261</u>	<u>78,047</u>
<u>Supporting Services</u>				
Management and General	<u>82,690</u>	<u>—</u>	<u>82,690</u>	<u>110,514</u>
Total Expenses	<u>244,951</u>	<u>—</u>	<u>244,951</u>	<u>188,561</u>
Change in Net Assets	(462)	500	38	(7,083)
Net assets at beginning of year	<u>182,881</u>	<u>—</u>	<u>182,881</u>	<u>189,964</u>
Net assets at end of year	<u>\$ 182,419</u>	<u>\$ 500</u>	<u>\$ 182,919</u>	<u>\$ 182,881</u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

GRAND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2013

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2012

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Promotions and Special Events	Sanitation	Retail Attraction	Total Program Services	Management and General	2013 Total Expenses	2012 Total Expenses
Payroll, payroll taxes and fringe	\$ 26,032	\$ 22,313	\$ 3,699	\$ 52,044	\$ 22,325	\$ 74,369	\$ 70,089
Consultants	600	—	12,172	12,772	7,000	19,772	12,370
Contracted Services	4,725	—	—	4,725	3,132	7,857	3,038
Office and Related Costs	1,980	—	—	1,980	2,590	4,570	1,322
Advertising Expense	90	—	—	90	—	90	—
Dues, Subscriptions & Registrations	—	—	—	—	308	308	—
Occupancy Costs	4,988	4,275	712	9,975	4,275	14,250	14,853
Insurance	1,797	—	—	1,797	2,303	4,100	3,912
Graffiti Removal	—	7,200	—	7,200	—	7,200	7,602
Holiday Lights	17,700	—	—	17,700	—	17,700	18,129
Supplemental Sidewalk Cleaning	—	43,988	—	43,988	—	43,988	44,958
In-Kind Services & Goods	—	—	—	—	951	951	—
In-Kind Services - Legal	—	—	—	—	29,990	29,990	—
Promotions and Events	9,115	—	—	9,115	—	9,115	7,358
Travel, Meetings and Related Costs	875	—	—	875	681	1,556	1,377
Miscellaneous	—	—	—	—	162	162	1,767
Depreciation	—	—	—	—	8,973	8,973	1,786
Total	\$ 67,902	\$ 77,776	\$ 16,583	\$ 162,261	\$ 82,690	\$ 244,951	\$ 188,561

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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	<u>\$ 38</u>	<u>\$ (7,083)</u>
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities</u>		
Depreciation expense	8,973	1,786
Increase in grant receivable	(12,172)	-
Decrease in prepaid expense	2,616	454
Increase in accounts payable	<u>3,434</u>	<u>4,870</u>
Total adjustments	<u>2,851</u>	<u>7,110</u>
Net cash provided by operating activities	2,889	27
<u>Cash Flows From Investing Activities</u>		
Purchase of fixed assets	<u>-</u>	<u>(970)</u>
Net increase/(decrease) in cash	2,889	(943)
Cash balance at beginning of year	<u>170,324</u>	<u>171,267</u>
Cash balance at end of year	<u>\$ 173,213</u>	<u>\$ 170,324</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, 2013

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, 2012, 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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NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2013

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events – Subsequent events have been evaluated through September 10, 2013, 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, 2013 and June 30, 2012 were \$181,168 and \$189,169, 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>	
2014	\$ 12,884
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:

Weekend Walk Event	<u>2012</u> <u>\$ 500</u>	<u>2011</u> <u>\$ -0-</u>
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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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