

GRAND STREET
DISTRICT MANAGEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2015 AND 2014

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 financial statements of Grand Street District Management Association, Inc. ("the Organization"), which comprises of the statements of financial position as of June 30, 2015 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, 2015, 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 2014 financial statements, and expressed an unmodified opinion on those financial statements in my report dated September 18, 2014. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



August 19, 2015

GRAND STREET DISTRICT MANAGEMENT ASSOCIATION. INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
<u>Current Assets</u>		
Cash	\$ 201,545	\$ 182,018
Accounts Receivable	1,900	2,000
Grant Receivable	31,287	11,599
Prepaid Expense	3,600	1,675
Total Current Assets	<u>238,332</u>	<u>197,292</u>
<u>Fixed Assets</u>		
Leasehold Improvements	15,425	15,425
Office Equipment	10,262	10,262
Less Accumulated Depreciation	<u>(22,700)</u>	<u>(20,245)</u>
Total Fixed Assets	<u>2,987</u>	<u>5,442</u>
<u>Other Asset</u>		
Rent security deposit	<u>3,361</u>	<u>-</u>
Total Assets	<u>\$ 244,680</u>	<u>\$ 202,734</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 12,642	\$ 7,236
<u>Net Assets</u>		
Unrestricted Net Assets	<u>232,038</u>	<u>195,498</u>
Total Liabilities and Net Assets	<u>\$ 244,680</u>	<u>\$ 202,734</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, 2015
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE
 YEAR ENDED JUNE 30, 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
<u>Support and Revenue</u>				
Assessment Revenue	\$ 226,460	\$ -	\$ 226,460	\$ 199,106
Grant Income	46,000	—	46,000	29,268
Contributions	3,700	—	3,700	7,300
In-Kind Services and Goods	2,966	—	2,966	2,216
Other income	47	—	47	—
Interest Income	277	—	277	230
Total Support and Revenue	279,450	—	279,450	238,120
Release from restrictions	—	—	—	—
Total Support and Revenue	279,450	—	279,450	238,120
<u>Expenses</u>				
<u>Program Services</u>				
Beautification & Enhancements	—	—	—	24,571
Promotions & Special Events	68,923	—	68,923	66,216
Sanitation	77,564	—	77,564	66,746
Retail Attraction	45,366	—	45,366	17,222
Total Program Services	191,853	—	191,853	174,755
<u>Supporting Services</u>				
Management and General	51,057	—	51,057	50,786
Total Expenses	242,910	—	242,910	225,541
Change in Net Assets	36,540	—	36,540	12,579
Net assets at beginning of year	195,498	—	195,498	182,919
Net assets at end of year	\$ 232,038	\$ -	\$ 232,038	\$ 195,498

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
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GRAND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

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

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Communication, Promotions & Special Events	Sanitation	Retail Attraction	Total Program Services	Management and General	2015 Total Expenses	2014 Total Expenses
Payroll, payroll taxes and fringe	\$ 35,788	\$ 20,920	\$ 36,617	\$ 93,325	\$ 30,077	\$ 123,402	\$ 76,021
Consultants	2,037	—	89	2,126	3,560	5,686	17,894
Contracted Services	4,003	193	579	4,775	579	5,354	19,696
Office and Related Costs	2,076	186	1,199	3,461	2,334	5,795	6,487
Advertising Expense	940	—	900	1,840	—	1,840	1,389
Dues, Subscriptions & Registrations	—	—	100	100	570	670	564
Occupancy Costs	4,798	1,599	4,798	11,195	2,724	13,919	14,492
Insurance	—	—	—	—	4,714	4,714	2,297
Graffiti Removal	—	5,660	—	5,660	—	5,660	6,600
Holiday Lights	11,150	—	—	11,150	—	11,150	11,850
Supplemental Sidewalk Cleaning	—	49,006	—	49,006	—	49,006	46,568
Business owner sub-grants	—	—	—	—	—	—	6,599
In-Kind Services & Goods	—	—	—	—	2,966	2,966	2,216
Promotions and Events	7,446	—	—	7,446	660	8,106	7,839
Travel, Meetings and Related Costs	685	—	795	1,480	418	1,898	2,210
Miscellaneous	—	—	289	289	—	289	213
Depreciation	—	—	—	—	2,455	2,455	2,606
Total	\$ 68,923	\$ 77,564	\$ 45,366	\$ 191,853	\$ 51,057	\$ 242,910	\$ 225,541

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The accompanying notes are an integral part of this statement.

GRAND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	<u>\$ 36,540</u>	<u>\$ 12,579</u>
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities</u>		
Depreciation expense	2,455	2,606
Decrease/(increase) in accounts receivable	100	(2,000)
(Increase)/decrease in grant receivable	(19,688)	573
Increase in prepaid expense	(1,925)	(19)
Increase in rent security deposit	(3,361)	-
Increase/(decrease) in accounts payable	<u>5,406</u>	<u>(4,057)</u>
Total adjustments	<u>(17,013)</u>	<u>(2,897)</u>
Net cash provided by operating activities	19,527	9,682
<u>Cash Flows From Investing Activities</u>		
Purchase of fixed assets	<u>-</u>	<u>(874)</u>
Net increase in cash	19,527	8,808
Cash balance at beginning of year	<u>182,018</u>	<u>173,210</u>
Cash balance at end of year	<u><u>\$ 201,545</u></u>	<u><u>\$ 182,018</u></u>
<u>Supplemental Information for Cash Flows</u>		
Cash paid for interest	<u><u>\$ -</u></u>	<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, 2015

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 on Grand Street between Bushwick and Union Avenues in the 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 to the GSBID: 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, 2012 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, 2014, 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
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NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events – Management has evaluated subsequent events through August 19, 2015, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment or disclosure in the financial statements.

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 (“NYC”) 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, 2015 and June 30, 2014 were \$226,460 and \$199,106, respectively. The amount due from NYC as of June 30, 2015 was \$31,287.

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, 2025. 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 next five and remaining years are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 15,689
2017	16,160
2018	16,645
2019	17,144
2020	17,658
Thereafter	<u>86,177</u>
Total	<u>\$ 169,473</u>

Note 4 – 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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