

**MYRTLE AVENUE BROOKLYN DISTRICT
MANAGEMENT ASSOCIATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2018 and 2017

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

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WILLIAM KOLBERT, CPA
JOEL A. QUIRK, CPA

MEMBERS OF AICPA AND
NYSSCPA



ERNEST D. LOEWENWARTER & CO. LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Myrtle Avenue Brooklyn District Management Association, Inc.
Brooklyn, New York

We have audited the accompanying financial statements of Myrtle Avenue Brooklyn District Management Association, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets; functional expenses and of cash flows for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that 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 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, 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 Myrtle Avenue Brooklyn District Management Association, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'Ernest D. Loewenwarter', followed by the initials 'P. G. LLP'.

ERNEST D. LOEWENWARTER & CO. LLP
Certified Public Accountants

Mineola, New York
November 20, 2018

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$142,743	\$144,004
Accounts Receivable	21,034	17,000
Prepaid Expenses	20	3,377
	163,797	164,381
NON-CURRENT ASSETS:		
Equipment-Street Furniture (Net of Accumulated Depreciation of \$40,038 and \$21,130 in 2017 and 2016, respectively)	25,940	45,640
	25,940	45,640
Total	\$189,737	\$210,021
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$33,232	\$44,072
NET ASSETS: - Note 2		
Unrestricted	156,505	165,949
	156,505	165,949
Total	\$189,737	\$210,021

See Independent Auditors' Report.

The accompanying notes are an integral part of this statement.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
REVENUES:		
Assessment Revenue	\$575,000	\$575,000
Contributions	70,000	30,000
Program Service Revenue	24,188	52,840
Interest Income	1,569	1,429
Other Income	0	0
	<hr/>	<hr/>
Total Revenues	670,757	659,269
	<hr/>	<hr/>
EXPENSES:		
Program Services: - Note 3		
Sanitation and Maintenance	164,316	147,809
District Marketing	216,151	204,367
Streetscape Improvements	160,489	171,356
Community Initiatives	49,606	45,058
Urban Planning	31,179	31,730
Security	8,837	8,993
Total Program Services	630,579	609,313
	<hr/>	<hr/>
General and Administrative	49,622	48,469
	<hr/>	<hr/>
Total Expenses	680,201	657,782
	<hr/>	<hr/>
CHANGE IN NET ASSETS	(9,444)	1,487
NET ASSETS - Beginning of Year	165,949	164,462
	<hr/>	<hr/>
NET ASSETS - End of Year	<u>\$156,505</u>	<u>\$165,949</u>

See Independent Auditors' Report.

The accompanying notes are an integral part of this statement.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018 WITH
 COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Sanitation and Maintenance	District Marketing	Streetscape Improvements	Community Initiatives	Urban Planning	Security	Total Program Services	Management And		Year Ended June 30, Comparative 2017 Total
								General	2018 Total	
EXPENSES:										
Salaries and Related Costs-										
Salaries and Wages	23,164	55,693	55,003	17,188	21,689	6,147	178,884	21,385	200,269	203,854
Payroll Taxes and Benefits	3,928	9,445	9,328	2,915	3,678	1,043	30,337	3,627	33,964	34,470
Total Salaries and Related Costs	27,092	65,138	64,331	20,103	25,367	7,190	209,222	25,011	234,233	238,324
Summer Youth Program	0	0	0	20,686	0	0	20,686	0	20,686	15,708
Professional Fees	808	1,943	1,919	600	757	214	6,241	746	6,987	8,901
Consultants	0	11,408	0	0	0	0	11,408	7,440	18,848	19,355
Rent Expense	2,637	6,340	6,262	1,957	2,469	700	20,365	2,435	22,800	21,900
Utilities	127	305	301	94	119	34	979	117	1,097	1,291
Insurance	245	590	583	182	230	65	1,895	227	2,122	2,012
Telephone, Fax & Internet	376	905	894	279	352	100	2,907	348	3,254	3,702
Office Expense & Supplies	504	1,212	1,197	374	472	134	3,892	465	4,358	4,663
Payroll Processing	1,184	2,848	2,812	879	1,109	314	9,147	1,093	10,240	9,897
Computer Equipment / Software	167	402	397	124	157	44	1,291	154	1,446	2,018
Postage and Delivery	157	377	372	116	147	42	1,211	145	1,355	266
Dues and Subscriptions	0	700	0	0	0	0	700	5,674	6,374	3,788
Meetings & Conferences	0	0	550	993	0	0	1,543	4,039	5,582	4,772
Bank Service Charges	0	0	0	0	0	0	0	137	137	97
Travel & Local Transportation	0	0	0	0	0	0	0	341	341	499
Professional Development	0	0	74	0	0	0	74	1,066	1,141	2,136
Street Sweeping	127,447	0	0	0	0	0	127,447	0	127,447	110,380
Graffiti Removal	3,570	0	0	0	0	0	3,570	0	3,570	3,542
Plaza Maintenance	0	0	10,737	0	0	0	10,737	0	10,737	2,410
Gardening & Horticulture	0	0	20,530	0	0	0	20,530	0	20,530	25,127
Street Furniture Maintenance	0	0	10,177	0	0	0	10,177	0	10,177	14,140
Streetscape/Capital Improvement	0	0	3,828	0	0	0	3,828	0	3,828	17,137
Storefront Improvement	0	0	15,826	0	0	0	15,826	0	15,826	12,561
Advertising	0	6,293	0	3,219	0	0	9,513	0	9,513	9,918
Events / Programming	0	31,840	0	0	0	0	31,840	109	31,949	15,359
Promotional Materials	0	18,374	0	0	0	0	18,374	0	18,374	26,324
Public Art Installation	0	4,400	0	0	0	0	4,400	0	4,400	5,862
Holiday Lights	0	63,077	0	0	0	0	63,077	0	63,077	56,710
Tax & Filing Fees	0	0	0	0	0	0	0	75	75	75
Depreciation - Street Furniture	0	0	19,700	0	0	0	19,700	0	19,700	18,908
Total Expenses	154,316	216,151	160,489	49,606	31,179	8,837	630,579	49,622	680,201	657,782

(0.85)

See Independent Auditors' Report.
 The accompanying notes are an integral part of this statement.

Ernest D. Loewenwarter & Co. LLP
 Certified Public Accountants

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018 AND 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	(\$9,444)	\$1,487
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation on Equipment	19,700	18,908
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(4,034)	(11,737)
Decrease (Increase) in Prepaid Expenses	3,357	(3,377)
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>(10,840)</u>	<u>(1,678)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(1,261)</u>	<u>3,603</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES:		
Street Furniture Purchases (net of depreciation)	<u>0</u>	<u>(10,044)</u>
NET INCREASE (DECREASE) IN CASH	(1,261)	(6,441)
CASH AND CASH EQUIVALENTS - Beginning of Period	<u>144,004</u>	<u>150,445</u>
CASH AND CASH EQUIVALENTS - End of Period	<u><u>\$142,743</u></u>	<u><u>\$144,004</u></u>
SUPPLEMENTAL DISCLOSURES:		
Interest Paid	<u><u>\$-0-</u></u>	<u><u>\$-0-</u></u>
Income Taxes Paid	<u><u>\$-0-</u></u>	<u><u>\$-0-</u></u>

See Independent Auditors' Report.
The accompanying notes are an integral part of this statement.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

1. **ORGANIZATION:**

The Myrtle Avenue Brooklyn District Management Association, Inc. (The "Corporation") is a not-for-profit organization incorporated under New York State law in 2005.

The Corporation was formed for the charitable and public purpose of promoting the general welfare of the people in the Myrtle Avenue area of Brooklyn (the "District"), as described in the Myrtle Avenue Brooklyn Business Improvement District Plan , improving neighborhood conditions within the District, improving the environment of the District and supplementing municipal services within the District.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Accounting Policies

Assets, liabilities, revenue and expenses are recognized on the accrual basis.

Assessments, contributions and grants are recorded in the period to which such assessments, contributions and grants are intended to apply.

Basis of Presentation

The Myrtle Avenue Brooklyn District Management Association, Inc. has presented, as required, the financial statements, in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. These classes are defined as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Corporation.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of NYC Pride and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or removed by actions of the Corporation.

For the year ending June 30, 2018, the Myrtle Avenue Brooklyn District Management Association, Inc. has no temporarily or permanently restricted net assets.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

3. **SERVICES AND PROGRAMS:**

The Corporation provides supplementary services to the commercial district between Flatbush Avenue Extension and Classon Avenue from assessments paid by commercial property owners in the district and collected by the City of New York. The current annual assessment is \$525,000. The Corporation's services and programs consist of the following:

a) **Sanitation and Maintenance:**

The Sanitation and Maintenance Program provides supplementary sanitation services, sidewalk sweeping, emptying of corner garbage bins, graffiti removal, streetlamp and street furniture cleaning and painting, and snow removal at bus shelters and crosswalks.

b) **District Marketing:**

The District Marketing Program promotes the commercial corridor in order to increase business activity for all retailers within the district. The program includes branding of the shopping district, production of printed promotional materials, attracting new businesses to the district, maintenance of a website and production of daily content, coordinating various social media accounts and email newsletters, media relations, cultural tourism, public art programs, advertising, and the production of special events and programming.

c) **Security:**

The Security Program devotes staff time to frequent communication and coordination with the NYPD, utilizing crime prevention measures via the facilitation of constant communication and intelligence sharing among retailers, hosting educational workshops with the NYPD, and generally monitoring local incidences of crime and other security concerns.

d) **Streetscape Improvements:**

The Streetscape Improvements Program promotes physical and aesthetic improvements to public spaces and the built environment, including the planting and maintenance of street trees and ornamentals, the design, installation, and maintenance of street furniture elements, the creation and maintenance of new public spaces, and providing design assistance and financial incentives to retailers to improve their storefronts and signage.

e) **Urban Planning:**

The Urban Planning Program includes conducting economic development, public policy, land use, historic preservation, transportation, real estate, and physical planning studies aimed at making future strategic investment and capital improvement decisions for the district.

f) **Community Initiatives:**

The Community Initiatives Program supports strategic partnerships with local schools and community groups, and provides summer employment and mentoring for local youth.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

4. TAXES:

The Corporation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to income taxes on net income from exempt purposes.

5. COMMITMENTS:

The Corporation shares space with its affiliate, Myrtle Avenue Revitalization and Development Project LDC. It leases the office space at 472 Myrtle Avenue, Brooklyn, N.Y. The lease is for two years ending August 31, 2019. The Corporation is currently funding, by agreement, one half of the monthly lease payments. The lease calls for gross monthly rent payments based on the following annual rent schedule for the years ending August 31, as follows:

2018	45,600
2019	46,200

6. CONTRACTS:

Myrtle Avenue Brooklyn District Management Association, Inc. has a contract to receive administration and staffing services from M.A.R.P. The contract calls for monthly payments equal to allocated salaries and expenses.

Myrtle Avenue Brooklyn District Management Association, Inc., also leases office space from M.A.R.P. under a sublease agreement. Monthly rental payments under this agreement, for the fiscal year ending August 31, 2018, were \$1,925.

Total payments under these agreements and certain other reimbursed expenses aggregated \$261,779 and \$280,739 for the years ended June 30, 2018 and 2017, respectively.

7. Subsequent Events:

The Corporation has evaluated subsequent events through November 20, 2018, the date which the financial statements were issued. During the period. The Corporation did not have any material subsequent events.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
 SUPPLEMENTAL INFORMATION
 FISCAL YEARS ENDED JUNE 30, 2018

<u>Schedule 1</u>	<u>LDC</u> <u>9/1/17-8/31/18</u>	<u>Timing</u> <u>Discrepancies</u>	<u>BID</u> <u>7/1/17-6/30/18</u>
COSTS ALLOCATED FROM MYRTLE AVENUE LDC:			
Salaries	\$ 195,259	\$ 5,010	\$ 200,269
Payroll Taxes and Benefits	20,398	(2,374)	18,024
Summer Youth Program	-	20,686	20,686
Rent Expense	23,000	(200)	22,800
	<u>\$ 238,657</u>	<u>23,122</u>	<u>\$ 261,779</u>