

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

FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

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WILLIAM KOLBERT, CPA
JOEL A. QUIRK, CPA

MEMBERS OF AICPA AND
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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, 2019 and 2018, 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, 2019 and 2018, 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 '16 LLP'.

ERNEST D. LOEWENWARTER & CO. LLP
Certified Public Accountants

Mineola, New York
November 15, 2019

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$156,353	\$142,743
Accounts Receivable	0	21,034
Prepaid Expenses	0	20
	<u>156,353</u>	<u>163,797</u>
NON-CURRENT ASSETS:		
Equipment-Street Furniture (Net of Accumulated Depreciation of \$92,251 and \$78,646 in 2019 and 2018, respectively)	<u>19,477</u>	<u>25,940</u>
Total	<u><u>\$175,831</u></u>	<u><u>\$189,737</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$20,809	\$33,232
NET ASSETS: - Note 2		
Without Donor Restrictions	<u>155,022</u>	<u>156,505</u>
Total	<u><u>\$175,831</u></u>	<u><u>\$189,737</u></u>

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, 2019 AND 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
REVENUES:		
Assessment Revenue	\$575,000	\$575,000
Contributions	95,000	70,000
Program Service Revenue	20,000	24,188
Interest Income	2,467	1,569
Other Income	0	0
	<hr/>	<hr/>
Total Revenues	692,467	670,757
	<hr/>	<hr/>
EXPENSES:		
Program Services: - Note 3		
Sanitation and Maintenance	187,709	164,317
District Marketing	220,484	216,151
Streetscape Improvements	170,222	160,489
Community Initiatives	28,405	49,606
Urban Planning	29,610	31,179
Security	8,393	8,837
Total Program Services	644,824	630,579
	<hr/>	<hr/>
General and Administrative	49,127	49,622
	<hr/>	<hr/>
Total Expenses	693,950	680,201
	<hr/>	<hr/>
CHANGE IN NET ASSETS	(1,483)	(9,444)
NET ASSETS - Beginning of Year	156,505	165,949
	<hr/>	<hr/>
NET ASSETS - End of Year	<u>\$155,022</u>	<u>\$156,505</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, 2019 WITH
 COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Sanitation and Maintenance	District Marketing	Streetscape Improvements	Community Initiatives	Urban Planning	Security	Total Program Services	Management And General		Year Ended June 30, 2018 Total	Comparative 2018 Total
								2019	2018		
EXPENSES:											
Salaries and Related Costs-											
Salaries and Wages	21,469	51,619	50,979	15,930	20,102	5,698	165,798	19,820	185,618	200,269	
Payroll Taxes and Benefits	3,515	8,450	8,346	2,608	3,291	933	27,142	3,245	30,387	33,964	
Total Salaries and Related Costs	24,984	60,069	59,325	18,538	23,393	6,630	192,940	23,065	216,005	234,233	
Summer Youth Program	0	0	0	0	0	0	0	0	0	0	20,686
Professional Fees	1,138	2,737	2,703	845	1,066	302	8,791	1,051	9,842	6,987	
Consultants	0	13,010	0	0	0	0	13,010	8,485	21,495	18,848	
Rent Expense	2,672	6,424	6,344	1,983	2,502	709	20,633	2,467	23,100	22,800	
Utilities	103	248	245	77	97	27	796	95	892	1,097	
Insurance	551	1,325	1,309	409	516	146	4,256	509	4,765	2,122	
Telephone, Fax & Internet	426	1,025	1,012	316	399	113	3,292	394	3,686	3,254	
Office Expense & Supplies	451	1,084	1,070	335	422	120	3,481	416	3,898	4,358	
Payroll Processing	1,140	2,742	2,708	846	1,068	303	8,807	1,053	9,860	10,240	
Computer Equipment / Software	48	114	113	35	45	13	368	44	412	1,446	
Postage and Delivery	110	264	261	81	103	29	848	101	950	1,355	
Dues and Subscriptions	0	586	0	0	0	0	586	4,747	5,333	6,374	
Meetings & Conferences	0	0	581	1,050	0	0	1,631	4,270	5,902	5,582	
Bank Service Charges	0	0	0	0	0	0	0	40	40	137	
Travel & Local Transportation	0	0	0	0	0	0	0	412	412	341	
Professional Development	0	0	121	0	0	0	121	1,745	1,866	1,141	
Street Sweeping	154,470	0	0	0	0	0	154,470	0	154,470	127,447	
Graffiti Removal	1,616	0	0	0	0	0	1,616	0	1,616	3,570	
Plaza Maintenance	0	0	25,538	0	0	0	25,538	0	25,538	10,737	
Gardening & Horticulture	0	0	29,239	0	0	0	29,239	0	29,239	20,530	
Street Furniture Maintenance	0	0	15,705	0	0	0	15,705	0	15,705	10,177	
Streetscape/Capital Improvement	0	0	0	0	0	0	0	0	0	3,828	
Storefront Improvement	0	0	10,342	0	0	0	10,342	0	10,342	15,826	
Advertising	0	7,605	0	3,890	0	0	11,495	0	11,495	9,513	
Events / Programming	0	45,975	0	0	0	0	45,975	158	46,133	31,949	
Promotional Materials	0	16,590	0	0	0	0	16,590	0	16,590	18,374	
Public Art Installation	0	2,855	0	0	0	0	2,855	0	2,855	4,400	
Holiday Lights	0	57,831	0	0	0	0	57,831	0	57,831	63,077	
Tax & Filing Fees	0	0	0	0	0	0	0	75	75	75	
Depreciation - Street Furniture	0	0	13,605	0	0	0	13,605	0	13,605	19,700	
Total Expenses	187,709	220,484	170,222	28,405	29,610	8,393	644,824	49,127	693,950	680,201	

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, 2019 AND 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	(\$1,483)	(\$9,444)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation on Equipment	13,605	19,700
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	21,034	(4,034)
Decrease (Increase) in Prepaid Expenses	20	3,357
Increase (Decrease) in Accounts Payable and Accrued Expenses	<u>(12,423)</u>	<u>(10,840)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>20,754</u>	<u>(1,261)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES:		
Street Furniture Purchases (net of depreciation)	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	20,754	(1,261)
CASH AND CASH EQUIVALENTS - Beginning of Period	<u>142,743</u>	<u>144,004</u>
CASH AND CASH EQUIVALENTS - End of Period	<u><u>\$163,496</u></u>	<u><u>\$142,743</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, 2019

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 two classes of net assets: without donor restrictions and with donor restrictions. These classes are defined as follows:

Without Donor Restrictions – 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.

With Donor Restrictions – Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of The Corporation and/or the passage of time.

For the year ending June 30, 2019, the Myrtle Avenue Brooklyn District Management Association, Inc. has no Net Assets with Donor Restrictions.

Liquidity Management

The Organization's financial assets available within one year of the balance sheet date for general expenditures is \$135,544. The Organization's financial assets are maintained in cash. The Organization's cash balances are sufficient to meet its short-term cash requirements.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 \$575,000. 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, 2019

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. Tax filings for the years ended June 30, 2017 and thereafter are still "in statute", and subject to IRS audit.

5. COMMITMENTS:

In August 2019 the Corporation entered into a lease for office space at 472 Myrtle Avenue, Brooklyn, N.Y. The lease is for two years ending August 31, 2021. The lease calls for gross monthly rent payments based on the following annual rent schedule for the years ending August 31, as follows:

2020	\$48,900
2021	\$49,200

6. CONTRACTS:

Myrtle Avenue Brooklyn District Management Association, Inc. has entered into a one year agreement to perform certain community activities, commencing July 1, 2019. The community programs to be provided include Fort Green & Farragut Fresh Pantry, Age-Friendly Myrtle Avenue and the Young entrepreneur Mentorship Program. The agreement calls for quarterly payments of \$25,000 commencing July 1, 2019.

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.

Through August 2019, Myrtle Avenue Brooklyn District Management Association, Inc., leased office space from M.A.R.P. under a sublease agreement. Monthly rental payments under this agreement, for the fiscal year ending August 31, 2019, were \$1,925.

Total payments under these agreements and certain other reimbursed expenses aggregated \$228,798 and \$261,779 for the years ended June 30, 2019 and 2018, respectively.

7. SUBSEQUENT EVENTS:

The Corporation has evaluated subsequent events through November 15, 2019, 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, 2019

<u>Schedule 1</u>	<u>LDC</u> <u>9/1/18-8/31/19</u>	<u>Timing</u> <u>Discrepancies</u>	<u>BID</u> <u>7/1/18-6/30/19</u>
COSTS ALLOCATED FROM MYRTLE AVENUE LDC:			
Salaries	\$ 182,992	\$ 2,626	\$ 185,618
Payroll Taxes and Benefits	19,674	406	20,080
Summer Youth Program	22,886	(22,886)	-
Rent Expense	21,175	1,925	23,100
	<u>\$ 246,727</u>	<u>(17,929)</u>	<u>\$ 228,798</u>