

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

FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

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
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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, 2020 and 2019, 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, 2020 and 2019, 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 dark ink, appearing to read 'Ernest D. Loewenwarter', followed by the letters 'EDLP'.

ERNEST D. LOEWENWARTER & CO. LLP
Certified Public Accountants

Mineola, New York
November 15, 2020

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$117,249	\$156,353
Accounts Receivable	105,951	0
Prepaid Expenses	19,550	0
	<u>242,750</u>	<u>156,353</u>
NON-CURRENT ASSETS:		
Equipment-Street Furniture (Net of Accumulated Depreciation of \$92,251 and \$78,646 in 2019 and 2018, respectively)	9,207	19,478
Rent Security Deposit Receivable	4,100	0
	<u>13,307</u>	<u>19,478</u>
Total Non-Current Assets		
	<u>13,307</u>	<u>19,478</u>
Total	<u><u>\$256,057</u></u>	<u><u>\$175,831</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$37,269	\$20,809
NET ASSETS: - Note 2		
Without Donor Restrictions	218,788	155,022
	<u>218,788</u>	<u>155,022</u>
Total	<u><u>\$256,057</u></u>	<u><u>\$175,831</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, 2020 AND 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
REVENUES:		
Assessment Revenue	\$575,000	\$575,000
Contributions	166,933	95,000
MARP Community fund	100,000	0
Grants	86,451	0
Program Service Revenue	16,935	20,000
Interest Income	1,764	2,467
	<hr/>	<hr/>
Total Revenues	947,083	692,467
	<hr/>	<hr/>
EXPENSES:		
Program Services: - Note 3		
Sanitation and Maintenance	300,943	187,709
District Marketing	182,592	220,484
Streetscape Improvements	224,257	170,222
Community Initiatives	95,601	28,405
Business Attraction & Assistance	22,084	29,610
Planning & Advocacy	9,202	8,393
Total Program Services	<hr/> 834,679	<hr/> 644,823
General and Administrative	<hr/> 48,638	<hr/> 49,127
Total Expenses	<hr/> 883,317	<hr/> 693,950
	<hr/>	<hr/>
CHANGE IN NET ASSETS	63,766	(1,483)
NET ASSETS - Beginning of Year	<hr/> 155,022	<hr/> 156,505
NET ASSETS - End of Year	<hr/> <u>\$218,788</u>	<hr/> <u>\$155,022</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, 2020 WITH
COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Sanitation and Maintenance	District Marketing	Streetscape Improvements	Community Initiatives	Business Attraction & Assistance	Planning & Advocacy	Total Program Services	Year Ended June 30,	
								2020 Total	Comparative 2019 Total
EXPENSES:									
Salaries and Related Costs-									
Salaries and Wages	70,764	41,089	36,523	43,371	13,696	5,708	211,151	17,120	228,270
Payroll Taxes and Benefits	13,815	8,022	7,130	8,467	2,674	1,113	41,222	3,342	44,565
Total Salaries and Related Costs	84,579	49,110	43,654	51,839	16,370	6,822	252,372	20,463	272,835
Summer Youth Program	0	0	0	23,114	0	0	23,114	0	23,114
Professional Fees	2,207	1,282	1,139	1,353	427	178	6,586	534	7,120
Consultants	0	11,448	0	0	0	0	11,448	7,466	18,914
Rent Expense	15,694	9,113	8,100	9,619	3,038	1,266	46,828	3,797	50,625
Utilities	521	302	269	319	101	42	1,555	126	1,680
Insurance	835	485	431	512	162	67	2,492	202	2,695
Telephone, Fax & Internet	2,187	1,270	1,129	1,341	423	176	6,527	529	7,056
Office Expense & Supplies	1,468	852	758	900	284	118	4,381	355	4,735
Payroll Processing	4,309	2,502	2,224	2,641	834	347	12,857	1,042	13,899
Computer Equipment / Software	1,838	1,067	949	1,127	356	148	5,484	445	5,929
Postage and Delivery	464	270	240	285	90	37	1,387	112	1,498
Dues and Subscriptions	0	1,190	0	0	0	0	1,190	9,647	10,837
Meetings & Conferences	0	0	244	440	0	0	684	1,790	2,474
Bank Service Charges	0	0	0	0	0	0	0	30	40
Travel & Local Transportation	0	0	0	0	0	0	0	400	412
Professional Development	0	0	107	0	0	0	107	1,544	1,651
Street Sweeping	183,703	0	0	0	0	0	183,703	0	183,703
Graffiti Removal	3,138	0	0	0	0	0	3,138	0	3,138
Plaza Maintenance	0	0	9,847	0	0	0	9,847	0	9,847
Gardening & Horticulture	0	0	44,154	0	0	0	44,154	0	44,154
Street Furniture Maintenance	0	0	8,396	0	0	0	8,396	0	8,396
Community Programs	0	0	77,708	0	0	0	77,708	0	77,708
Storefront Improvement	0	0	12,720	0	0	0	12,720	0	12,720
Advertising	0	4,131	0	2,113	0	0	6,244	0	6,244
Events / Programming	0	23,277	0	0	0	0	23,277	80	23,357
Promotional Materials	0	12,434	0	0	0	0	12,434	0	12,434
Public Art Installation	0	1,173	0	0	0	0	1,173	0	1,173
Holiday Lights	0	62,685	0	0	0	0	62,685	0	62,685
Tax & Filing Fees	0	0	0	0	0	0	0	75	75
Depreciation - Street Furniture	0	0	12,188	0	0	0	12,188	0	12,188
Total Expenses	300,943	182,592	224,257	95,601	22,084	9,202	834,679	48,638	883,317
									693,950

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, 2020 AND 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$63,766	(\$1,483)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation on Equipment	12,188	13,605
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(105,951)	21,034
Decrease (Increase) in Prepaid Expenses	(19,550)	20
Increase (Decrease) in Accounts Payable and Accrued Expenses	16,460	(12,423)
Increase in Security Deposit Receivable	(4,100)	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(37,187)</u>	<u>20,753</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES:		
Street Furniture Purchases (net of depreciation)	<u>(1,917)</u>	<u>(7,143)</u>
NET INCREASE (DECREASE) IN CASH	(39,104)	13,610
CASH AND CASH EQUIVALENTS - Beginning of Period	<u>156,353</u>	<u>142,743</u>
CASH AND CASH EQUIVALENTS - End of Period	<u><u>\$117,249</u></u>	<u><u>\$156,353</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, 2020

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, 2020, 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, 2020

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) **Business Attraction & Assistance:**

The Business Attraction & Assistance program provides technical assistance and grant making initiatives to the merchant community within the district, with a focus on both business retention and business attraction to maintain a healthy storefront vacancy rate, equip small businesses for success, and collaborate with City agencies and external partners to create a business friendly environment along Myrtle Avenue.

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) **Planning & Advocacy:**

The Planning & Advocacy 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, and food access programming.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020, 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, 2020 and 2019, respectively.

7. SUBSEQUENT EVENTS:

The Corporation has evaluated subsequent events through November 15, 2020, 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, 2020

<u>Schedule 1</u>	<u>LDC</u> <u>9/1/19-8/31/20</u>	<u>Timing</u> <u>Discrepancies</u>	<u>BID</u> <u>7/1/19-6/30/20</u>
COSTS ALLOCATED FROM MYRTLE AVENUE LDC:			
Salaries	\$ 208,959	\$ 19,311	\$ 228,270
Payroll Taxes	18,023	2,521	20,544
Health Insurance	20,470	717	21,187
Retirement Benefits	2,384	450	2,834
Summer Youth Program	210	22,904	23,114
Other	1,077	(1,077)	-
	<u>\$ 251,123</u>	<u>44,826</u>	<u>\$ 295,949</u>

