

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

FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Myrtle Avenue Brooklyn District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. 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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Myrtle Avenue Brooklyn District Management Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Myrtle Avenue Brooklyn District Management Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 Myrtle Avenue Brooklyn District Management Association, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Myrtle Avenue Brooklyn District Management Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

ERNEST D. LOEWENWARTER & CO. LLP
Certified Public Accountants

Mineola, New York
August 24, 2022

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$356,478	\$393,836
Accounts Receivable	189,470	167,886
Prepaid Expenses	0	0
	<u>545,948</u>	<u>561,722</u>
NON-CURRENT ASSETS:		
Equipment-Street Furniture (Net of Accumulated Depreciation of \$110,301 and \$108,561 in 2022 and 2021, respectively)	1,537	4,975
Rent Security Deposit Receivable	4,300	4,100
	<u>5,837</u>	<u>9,075</u>
Total Non-Current Assets		
	<u>5,837</u>	<u>9,075</u>
Total	<u>\$551,785</u>	<u>\$570,797</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$42,914	\$34,291
Deferred Revenue	0	287,500
	<u>42,914</u>	<u>321,791</u>
NET ASSETS: - Note 2		
Without Donor Restrictions	234,262	249,006
With Donor Restrictions	274,609	0
Total Net Assets	<u>508,871</u>	<u>249,006</u>
Total	<u>\$551,785</u>	<u>\$570,797</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, 2022 AND 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
REVENUES:		
Assessment Revenue	\$575,000	\$575,000
MARP Legacy Fund Contribution	\$274,609	\$0
Contributions	104,072	210,265
MARP Community Fund	100,000	100,000
Grants	220,695	188,750
Program Service Revenue	57,429	17,617
Interest Income	95	218
	<hr/>	<hr/>
Total Revenues	1,331,900	1,091,850
	<hr/>	<hr/>
EXPENSES:		
Program Services: - Note 3		
Sanitation and Maintenance	327,886	313,029
District Marketing	208,322	195,538
Streetscape Improvements	127,691	167,988
Community Initiatives	250,392	202,123
Business Attraction & Assistance	54,137	71,769
Planning & Advocacy	23,074	20,485
Total Program Services	991,501	970,932
	<hr/>	<hr/>
General and Administrative	80,534	90,700
	<hr/>	<hr/>
Total Expenses	1,072,035	1,061,632
	<hr/>	<hr/>
CHANGE IN NET ASSETS	259,865	30,218
	<hr/>	<hr/>
NET ASSETS - Beginning of Year	249,006	218,788
	<hr/>	<hr/>
NET ASSETS - End of Year	<u>\$508,871</u>	<u>\$249,006</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
3 THE FISCAL YEAR ENDED JUNE 30, 2022 WITH
COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Public Space Management	District Marking	Streetscape & Beautification	Community Initiatives	Business Attraction & Assistance	Planning & Advocacy	Total Program Services	Management And General	Year Ended June 30,	
									2022 Total	Comparative 2021 Total
EXPENSES:										
Salaries and Related Costs-										
Salaries and Wages	69,640	77,703	27,856	87,966	35,919	16,861	315,946	50,579	366,525	302,489
Payroll Taxes and Benefits	15,689	17,507	6,276	19,819	8,093	3,798	71,183	11,398	82,581	63,882
Total Salaries and Related Costs	85,330	95,210	34,132	107,785	44,012	20,659	387,129	61,977	449,106	366,371
Summer Youth Program Wages	0	0	0	0	0	0	0	0	0	11,308
Professional Fees	2,983	1,733	1,540	1,829	578	241	8,902	723	9,625	9,062
Consultants	0	7,144	0	0	0	0	7,144	4,659	11,803	43,360
Rent Expense	15,870	9,216	8,192	9,728	3,072	1,280	47,358	3,842	51,200	49,200
Utilities	456	266	237	281	89	37	1,366	113	1,479	1,303
Insurance	897	519	462	548	173	72	2,672	214	2,886	3,139
Telephone, Fax & Internet	1,476	857	762	905	286	119	4,404	357	4,761	6,612
Office Expense & Supplies	1,406	817	726	862	272	113	4,198	341	4,539	4,492
Payroll Processing	5,918	3,437	3,054	3,629	1,144	475	17,657	1,432	19,089	17,889
Computer Equipment / Software	941	547	486	577	182	76	2,809	229	3,038	11,093
Postage and Delivery	17	11	10	12	4	2	55	7	62	676
Dues and Subscriptions	0	417	0	0	0	0	417	3,378	3,795	4,047
Meetings & Conferences	0	0	132	238	0	0	370	967	1,337	822
Bank Service Charges	0	0	0	0	0	0	0	460	460	78
Travel & Local Transportation	0	0	0	0	0	0	0	404	404	1,075
Professional Development	0	0	34	0	0	0	34	540	574	1,408
Supplemental Sanitation	204,770	0	0	0	0	0	204,770	0	204,770	209,314
Graffiti Removal	402	0	0	0	0	0	402	0	402	2,098
Plaza Maintenance	7,420	0	0	0	0	0	7,420	0	7,420	5,790
Gardening & Horticulture	0	0	33,369	0	0	0	33,369	0	33,369	66,951
Street Furniture Maintenance	0	0	4,063	0	0	0	4,063	0	4,063	10,610
Community Programs	0	0	0	123,677	0	0	123,677	0	123,677	79,379
Storefront Improvement	0	0	0	0	4,325	0	4,325	0	4,325	27,910
Administrative Fee	0	0	0	0	0	0	0	661	661	5,558
Advertising	0	626	0	320	0	0	946	0	946	2,574
Events / Programming	0	45,049	0	0	0	0	45,049	155	45,204	22,928
Promotional Materials	0	42,473	0	0	0	0	42,473	0	42,473	46,668
Public Art Installation	0	0	1,446	0	0	0	1,446	0	1,446	4,804
Holiday Lights	0	0	35,608	0	0	0	35,608	0	35,608	40,792
Tax & Filing Fees	0	0	0	0	0	0	0	75	75	90
Depreciation - Street Furniture	0	0	3,438	0	0	0	3,438	0	3,438	4,231
Total Expenses	327,886	208,322	127,691	250,392	54,137	23,074	991,501	80,534	1,072,035	1,061,632

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, 2022 AND 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$259,865	\$30,218
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation on Equipment	3,438	4,231
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(21,584)	(61,934)
Decrease (Increase) in Prepaid Expenses	0	19,550
Increase (Decrease) in Accounts Payable and Accrued Expenses	8,623	(2,978)
Increase in Deferred Revenue	(287,500)	287,500
Increase in Security Deposit Receivable	(200)	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(37,358)</u>	<u>276,587</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES:		
Street Furniture Purchases (net of depreciation)	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	(37,358)	276,587
CASH AND CASH EQUIVALENTS - Beginning of Period	<u>393,836</u>	<u>117,249</u>
CASH AND CASH EQUIVALENTS - End of Period	<u><u>\$356,478</u></u>	<u><u>\$393,836</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, 2022

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, 2022, the Myrtle Avenue Brooklyn District Management Association, Inc. has received a contribution from the Myrtle Avenue Commercial Revitalization and Development Project LDC in the amount of \$274,609 to be used for certain community programs.

Liquidity Management

The Organization's financial assets available within one year of the balance sheet date for general expenditures is \$503,032. The Organization's financial assets are maintained in cash and money market accounts. 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, 2022

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) **Public Space Management:**
The Public Space Management 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 & Beautification:**
The Streetscape Beautification 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 community groups, and provides employment and mentoring for local youth, and food access programming.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2019 and thereafter are still "in statute", and subject to IRS audit.

5. COMMITMENTS:

In July 2021 the Corporation renewed its lease for office space at 472 Myrtle Avenue, Brooklyn, N.Y. The lease is for two years ending August 31, 2023. The lease calls for gross monthly rent payments based on the following annual rent schedule for the years ending August 31, as follows:

2022	\$51,200
2023	\$51,600

By agreement the Corporation had shared these premises with the Myrtle Avenue Commercial Revitalization and Development Project LDC (LDC) at no cost to LDC.

6. CONTRACTS:

Myrtle Avenue Brooklyn District Management Association, Inc. had entered into a two year agreement to perform certain community activities for \$100,000 per year, commencing July 1, 2020. The community programs to be provided include Fort Green & Farragut Fresh Pantry, Age-Friendly Myrtle Avenue and the Young entrepreneur Mentorship Program and others. The agreement called for quarterly payments of \$50,000, \$25,000 & \$25,000 on September 1st, January 1st & April 1st, respectively. For the year ended June 30, 2022 these programs were supported as follows, Fort Green & Farragut Fresh Pantry \$60,000; Age-Friendly Myrtle Avenue \$35,000, and Youth Initiatives \$15,000.

The Corporation received a \$274,609 contribution from Myrtle Avenue Commercial Revitalization and Development Project LDC (LDC), in June 2022. This contribution is intended to fund specific community programs at a level consistent with the aforementioned contract, (\$100,000 per annum), which ended June 30, 2022. The funds represent the final liquidation of LDC in June 2022.

7. SUBSEQUENT EVENTS:

The Corporation has evaluated subsequent events through August 24, 2022, the date which the financial statements were issued. During the period. The Corporation did not have any material subsequent events.