

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

FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, 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
November 24, 2023

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$538,614	\$356,478
Accounts Receivable	433,450	189,470
Prepaid Expenses	1,694	0
	<u>973,758</u>	<u>545,948</u>
NON-CURRENT ASSETS:		
Equipment-Street Furniture (Net of Accumulated Depreciation of \$111,989 and \$110,301 in 2023 and 2022, respectively)	0	1,537
Rent Security Deposit Receivable	4,300	4,300
	<u>4,300</u>	<u>5,837</u>
Total Non-Current Assets		
	<u>4,300</u>	<u>5,837</u>
Total	<u>\$978,058</u>	<u>\$551,785</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$48,676	\$42,914
Deferred Revenue	287,500	0
	<u>336,176</u>	<u>42,914</u>
NET ASSETS: - Note 2		
Without Donor Restrictions	464,823	234,262
With Donor Restrictions	177,059	274,609
Total Net Assets	<u>641,882</u>	<u>508,871</u>
Total	<u>\$978,058</u>	<u>\$551,785</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, 2023 AND 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
REVENUES:		
Assessment Revenue	\$575,000	\$575,000
MARP Legacy Fund Contribution	\$0	\$274,609
Contributions	157,367	104,072
MARP Community Fund	0	100,000
Grants	591,700	220,695
Program Service Revenue	5,895	57,429
Interest Income	2,553	95
	<hr/>	<hr/>
Total Revenues	1,332,515	1,331,900
	<hr/>	<hr/>
EXPENSES:		
Program Services: - Note 3		
Sanitation and Maintenance	338,035	327,886
District Marketing	190,298	208,322
Streetscape Improvements	128,531	127,691
Community Initiatives	373,253	250,392
Business Attraction & Assistance	56,623	54,137
Planning & Advocacy	24,133	23,073
Total Program Services	1,110,873	991,501
	<hr/>	<hr/>
General and Administrative	88,631	80,534
	<hr/>	<hr/>
Total Expenses	1,199,504	1,072,035
	<hr/>	<hr/>
CHANGE IN NET ASSETS	133,011	259,865
	<hr/>	<hr/>
NET ASSETS - Beginning of Year	508,871	249,006
	<hr/>	<hr/>
NET ASSETS - End of Year	<u>\$641,882</u>	<u>\$508,871</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, 2023 WITH
COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Public Space Management	District Marketing	Streetscape & Beautification	Community Initiatives	Business Attraction & Assistance	Planning & Advocacy	Total Program Services	Year Ended June 30,	
								2023 Total	Comparative 2022 Total
EXPENSES:									
Salaries and Related Costs-									
Salaries and Wages	71,727	80,032	28,691	90,602	36,996	17,366	325,414	377,509	366,525
Payroll Taxes and Benefits	16,424	18,326	6,570	20,747	8,472	3,975	74,514	86,445	82,581
Total Salaries and Related Costs	88,151	98,358	35,261	111,349	45,467	21,342	399,928	463,954	449,106
Professional Fees	3,505	2,036	1,809	2,149	679	283	10,460	11,309	9,625
Consultants	0	12,989	0	0	0	0	12,989	21,460	11,803
Rent Expense	15,994	9,288	8,256	9,804	3,096	1,290	47,728	51,600	51,200
Utilities	449	262	233	276	87	36	1,344	1,455	1,479
Insurance	723	419	372	442	140	58	2,153	2,325	2,886
Telephone, Fax & Internet	1,620	941	836	993	314	131	4,835	5,227	4,761
Office Expense & Supplies	4,034	2,343	2,083	2,473	781	325	12,039	13,016	4,539
Payroll Processing	6,150	3,572	3,174	3,772	1,189	494	18,352	19,840	19,089
Computer Equipment / Software	2,135	1,240	1,102	1,309	413	172	6,371	6,889	3,038
Postage and Delivery	22	14	13	15	5	2	71	79	62
Dues and Subscriptions	0	228	0	0	0	0	228	2,075	3,795
Meetings & Conferences	0	0	603	1,090	0	0	1,693	6,126	1,337
Bank Service Charges	0	0	0	0	0	0	0	165	460
Travel & Local Transportation	0	0	0	0	0	0	0	605	404
Professional Development	0	0	30	0	0	0	30	473	574
Supplemental Sanitation	208,029	0	0	0	0	0	208,029	0	204,770
Graffiti Removal	0	0	0	0	0	0	0	0	402
Plaza Maintenance	7,222	0	0	0	0	0	7,222	0	7,420
Gardening & Horticulture	0	0	31,633	0	0	0	31,633	0	33,369
Street Furniture Maintenance	0	0	735	0	0	0	735	0	4,063
Community Programs	0	0	0	126,878	0	0	126,878	0	123,677
NSTAT-Neighborhood Safety Program	0	0	0	112,204	0	0	112,204	0	112,204
Storefront Improvement	0	0	0	0	4,452	0	4,452	0	4,325
Administrative Fee	0	0	0	0	0	0	0	0	661
Advertising	0	976	0	499	0	0	1,475	0	946
Events / Programming	0	28,695	0	0	0	0	28,695	99	45,204
Promotional Materials	0	28,938	0	0	0	0	28,938	0	42,473
Public Art Installation	0	0	1,375	0	0	0	1,375	0	1,446
Holiday Lights	0	0	39,328	0	0	0	39,328	0	35,608
Tax & Filing Fees	0	0	0	0	0	0	0	125	75
Depreciation - Street Furniture	0	0	1,688	0	0	0	1,688	0	3,438
Total Expenses	338,035	190,298	128,531	373,253	56,623	24,133	1,110,873	1,199,504	1,072,035

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, 2023 AND 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$133,011	\$259,865
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation on Equipment	1,688	3,438
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(243,980)	(21,584)
Decrease (Increase) in Prepaid Expenses	(1,694)	0
Increase (Decrease) in Accounts Payable and Accrued Expenses	5,762	8,623
Increase in Deferred Revenue	287,500	(287,500)
Increase in Security Deposit Receivable	<u>0</u>	<u>(200)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>182,287</u>	<u>(37,358)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment-Street Furniture Purchases (net of depreciation)	<u>(151)</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	182,136	(37,358)
CASH AND CASH EQUIVALENTS - Beginning of Period	<u>356,478</u>	<u>393,836</u>
CASH AND CASH EQUIVALENTS - End of Period	<u><u>\$538,614</u></u>	<u><u>\$356,478</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, 2023

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, 2023, 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. As of June 30, 2023, \$177,059 of this contribution remains restricted.

Liquidity Management

The Organization's financial assets available within one year of the balance sheet date for general expenditures is \$637,582. 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.

Included in Cash and Cash Equivalents at June 30, 2023, is \$287,500 representing NYC's assessment payment for the period July 1, 2023 to December 31, 2023, received on June 28, 2023.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023

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, 2020 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 was for two years ending on August 31, 2023. The Corporation is currently negotiating a renewal with the landlord and lease payments are on a month to month basis at \$4,300 per month.

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. For the year ended June 30, 2023 management has opted to continue these programs and has supported them as follows, Fort Green & Farragut Fresh Pantry \$79,000; Age-Friendly Myrtle Avenue \$34,000, and Youth Initiatives \$14,000.

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 represented the final liquidation of LDC in June 2022.

7. SUBSEQUENT EVENTS:

The Corporation has evaluated subsequent events through November 23, 2023, the date which the financial statements were issued. During the period. The Corporation did not have any material subsequent events.