

GRAND STREET
DISTRICT MANAGEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2016 AND 2015

TYRONE ANTHONY SELLERS
Certified Public Accountant

GRAND STREET
DISTRICT MANAGEMENT ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Street District Management Association, Inc.
Brooklyn, New York

Report on the Financial Statements

I have audited the accompanying financial statements of Grand Street District Management Association, Inc. ("the Organization"), which comprise the statements of financial position as of June 30, 2016 and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Street District Management Association, Inc. as of June 30, 2016, and the results of its operations and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Grand Street District Management Association, Inc.'s 2015 financial statements, and expressed an unmodified opinion on those financial statements in my report dated August 19, 2015. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Saint Albans, NY
August 3, 2016



GRAND STREET DISTRICT MANAGEMENT ASSOCIATION. INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<u>Current Assets</u>		
Cash	\$ 208,083	\$ 201,545
Accounts Receivable	1,600	1,900
Grant Receivable	26,566	31,287
Prepaid Expense	3,252	3,600
Total Current Assets	<u>239,501</u>	<u>238,332</u>
<u>Fixed Assets</u>		
Leasehold Improvements	25,464	15,425
Office Furniture & Equipment	12,833	10,262
Less Accumulated Depreciation	<u>(25,973)</u>	<u>(22,700)</u>
Total Fixed Assets	<u>12,324</u>	<u>2,987</u>
<u>Other Asset</u>		
Rent security deposit	<u>3,361</u>	<u>3,361</u>
Total Assets	<u>\$ 255,186</u>	<u>\$ 244,680</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 7,960	\$ 12,642
<u>Net Assets</u>		
Unrestricted Net Assets	<u>247,226</u>	<u>232,038</u>
Total Liabilities and Net Assets	<u>\$ 255,186</u>	<u>\$ 244,680</u>

The accompanying notes are an integral part of these statements.

TYRONE ANTHONY SELLERS
Certified Public Accountant

GRAND STREET DISTRICT MANAGEMENT ASSOCIATION. INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2016
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE
 YEAR ENDED JUNE 30, 2015

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<u>Support and Revenue</u>				
Assessment Revenue	\$ 226,460	\$ -	\$ 226,460	\$ 226,460
Grant Income	43,000	—	43,000	46,000
Contributions	16,133	—	16,133	3,700
In-Kind Services and Goods	3,350	—	3,350	2,966
Other income	155	—	155	47
Interest Income	127	—	127	277
Total Support and Revenue	289,225	—	289,225	279,450
Release from restrictions	—	—	—	—
Total Support and Revenue	289,225	—	289,225	279,450
<u>Expenses</u>				
<u>Program Services</u>				
Promotions & Special Events	84,905	—	84,905	68,923
Sanitation	72,005	—	72,005	77,564
Retail Attraction	44,123	—	44,123	45,366
Total Program Services	201,033	—	201,033	191,853
<u>Supporting Services</u>				
Management and General	65,390	—	65,390	51,057
Fund Raising	7,614	—	7,614	—
Total Expenses	274,037	—	274,037	242,910
Change in Net Assets	15,188	—	15,188	36,540
Net assets at beginning of year	232,038	—	232,038	195,498
Net assets at end of year	\$ 247,226	\$ -	\$ 247,226	\$ 232,038

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

GRAND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

	PROGRAM SERVICES				SUPPORTING SERVICES		2016 Total Expenses	2015 Total Expenses
	Communication, Promotions & Special Events	Sanitation	Retail Attraction	Total Program Services	Management and General	Fund Raising		
Payroll, payroll taxes and fringe	\$ 45,386	\$ 15,264	\$ 35,296	\$ 95,946	\$ 41,428	\$ 6,520	\$ 143,894	\$ 123,402
Consultants	2,870	—	—	2,870	4,119	—	6,989	5,686
Contracted Services	5,044	159	347	5,550	1,084	72	6,706	5,354
Office and Related Costs	2,530	235	1,015	3,780	3,845	122	7,747	5,795
Advertising Expense	2,450	—	3,010	5,460	—	—	5,460	1,840
Dues, Subscriptions & Registrations	—	—	45	45	641	—	686	670
Occupancy Costs	5,401	1,980	4,321	11,702	5,811	900	18,413	13,919
Insurance	1,568	—	—	1,568	2,987	—	4,555	4,714
Graffiti Removal	—	5,900	—	5,900	—	—	5,900	5,660
Holiday Lights	11,150	—	—	11,150	—	—	11,150	11,150
Supplemental Sidewalk Cleaning	—	48,467	—	48,467	—	—	48,467	49,006
In-Kind Services & Goods	2,250	—	—	2,250	1,100	—	3,350	2,966
Promotions and Events	5,175	—	—	5,175	—	—	5,175	8,106
Travel, Meetings and Related Costs	581	—	9	590	832	—	1,422	1,898
Miscellaneous	500	—	80	580	270	—	850	289
Depreciation	—	—	—	—	3,273	—	3,273	2,455
Total	\$ 84,905	\$ 72,005	\$ 44,123	\$ 201,033	\$ 65,390	\$ 7,614	\$ 274,037	\$ 242,910

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
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GRAND STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 15,188	\$ 36,540
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities</u>		
Depreciation expense	3,273	2,455
Decrease/(increase) in accounts receivable	300	100
(Increase)/decrease in grant receivable	4,721	(19,688)
Increase in prepaid expense	348	(1,925)
Increase in rent security deposit	-	(3,361)
Increase/(decrease) in accounts payable	<u>(4,682)</u>	<u>5,406</u>
Total adjustments	<u>3,960</u>	<u>(17,013)</u>
Net cash provided by operating activities	<u>19,148</u>	<u>19,527</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of leasehold improvements	(10,039)	-
Purchase of office furniture & equipment	<u>(2,571)</u>	<u>-</u>
Net cash used in investing activities	<u>(12,610)</u>	<u>-</u>
Net (decrease)/increase in cash	6,538	19,527
Cash balance at beginning of year	<u>201,545</u>	<u>182,018</u>
Cash balance at end of year	<u>\$ 208,083</u>	<u>\$ 201,545</u>
<u>Supplemental Information for Cash Flows</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

TYRONE ANTHONY SELLERS
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GRAND STREET
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2016

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Grand Street District Management Association, Inc. (“GSDMA”) was formed on April 15, 1983 under Section 402 of the Not-For-Profit Corporation Law of the State of New York. The primary purpose of GSDMA is to manage the Grand Street Business Improvement District (“GSBID”), a six-block shopping district on Grand Street between Bushwick and Union Avenues in the East Williamsburg section of Brooklyn. GSDMA entered into a contract with the City of New York to provide the GSBID with the following supplemental services to the GSBID: maintenance, holiday and seasonal decorations, promotion, administration and additional services which GSDMA determines useful.

A summary of significant accounting policies of GSDMA are as follows.

Basis of Accounting – The accompanying financial statements were prepared on the accrual basis of accounting.

Capitalization and depreciation – Fixed Assets are recorded at cost, and are capitalized and depreciated over their estimated service lives using the straight-line method of depreciation. The estimated service life of the assets for depreciation purposes may be different from their actual economic useful lives. Fixed Assets purchased with government contracts are expensed in the year purchased.

Income Taxes – GSDMA is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. GSDMA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2013 and subsequent remain subject to examination by applicable taxing authorities.

Contributions – Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets and then reclassified to unrestricted net assets when the restriction expires. Restricted contributions received and expensed in the same fiscal year are reflected as unrestricted revenues.

Financial Statements – GSDMA’s financial statements adhere to the established standards for external financial statements provided by not-for-profit organizations which require that resources be classified for accounting and reporting purposes into three classes of net assets – permanently restricted, temporarily restricted and unrestricted.

The financial statements include certain prior-year summarized comparative financial information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended August 19, 2015, from which the summarized information was derived.

Deferred grant/advances payable – Deferred grant/advances payable consists of grant and/or contract receipts received in advance of the periods to which they are to be earned, and if not earned the advance(s) will have to be returned.

Cash and Cash Equivalents – GSDMA maintains its cash in bank deposit accounts which at times may exceed federally insured limits. GSDMA has not experienced any losses in such accounts. GSDMA believes it is not exposed to any significant credit risk on cash. For financial statement purposes, GSDMA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

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GRAND STREET
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2016

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events – Management has evaluated subsequent events through August 3, 2016, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment or disclosure in the financial statements.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expense – GSDMA allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are charged directly to the particular program according to their natural expense classification.

Note 2 – ASSESSMENT REVENUE

The City of New York (“NYC”) agreed to pay GSDMA all of the proceeds actually collected by the City pursuant to a special assessment levied by the City upon real property within the district. The assessment collected and received for the fiscal years ended June 30, 2016 and June 30, 2015 were \$226,460 and \$226,460, respectively. The amount due from NYC as of June 30, 2016 was \$-0-.

Note 3 – OPERATING LEASE

GSDMA has a rental lease agreement for its office space located at 246 Graham Avenue, Brooklyn, NY. The rental lease expires December 31, 2025. Previous to July 2014, in addition to the monthly rent GSDMA was to pay \$36.50 per month for water and sewer. Commencing July 2014, GSDMA will begin to make water and sewer payments directly to NYC DEP. The annual rent lease payments for the next five and remaining years are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 16,160
2018	16,645
2019	17,144
2020	17,658
2021	18,188
Thereafter 2022-2025	<u>67,989</u>
Total	<u>\$ 153,784</u>

Note 4 – PROGRAM GRANTS

Certain government and other grants may be subject to audit by the funding sources. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this point in time. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.

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