

**FLATBUSH AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

Financial Statements

June 30, 2019 and 2018

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

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June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Flatbush Avenue District
Management Association, Inc.
New York, New York

We have audited the accompanying financial statements of Flatbush Avenue District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and 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.

Auditors' 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 Flatbush Avenue 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.

Raich Ende Malter & Co. LLP

RAICH ENDE MALTER & CO. LLP
New York, New York
January 24, 2020



FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Statements of Financial Position

	<i>June 30,</i>	
	<i>2019</i>	<i>2018</i>
ASSETS		
<i>Current Assets</i>		
Cash	\$ 186,882	\$ 199,872
Prepaid expenses	2,139	1,364
	<u>189,021</u>	<u>201,236</u>
<i>Property and Equipment</i>		
Furniture and equipment	4,880	4,880
Less: Accumulated depreciation	<u>4,880</u>	<u>4,392</u>
	<u>-</u>	<u>488</u>
<i>Total Assets</i>	<u>\$ 189,021</u>	<u>\$ 201,724</u>
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accrued expenses	\$ 24,167	\$ 23,926
<i>Other Liabilities</i>		
Due to CAMBA, Inc.	<u>23,212</u>	<u>31,915</u>
<i>Total Liabilities</i>	<u>47,379</u>	<u>55,841</u>
<i>Net Assets</i> - without donor restrictions	<u>141,642</u>	<u>145,883</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 189,021</u>	<u>\$ 201,724</u>

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Statements of Activities

	<i>For the Years Ended June 30,</i>	
	<i>2019</i>	<i>2018</i>
Revenue		
Grants - NYC Assessments	\$ 386,000	\$ 314,520
Grants - other	-	2,500
Other	27,877	10,425
Interest	478	429
	<u>414,355</u>	<u>327,874</u>
Expenses		
<i>Program services:</i>		
Business Improvement District	326,496	266,836
<i>Supporting services:</i>		
Management and general	92,100	87,533
	<u>418,596</u>	<u>354,369</u>
Decrease in Net Assets	(4,241)	(26,495)
Net Assets - without donor restrictions - beginning	<u>145,883</u>	<u>172,378</u>
Net Assets - without donor restrictions - end	<u>\$ 141,642</u>	<u>\$ 145,883</u>

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Statements of Functional Expenses

	For the Years Ended June 30,			
	2019		2018	
	Program Services	Supporting Services	Program Services	Supporting Services
Employee Compensation				
Salaries	\$ 38,904	\$ 38,903	\$ 37,204	\$ 37,203
Payroll taxes and benefits	11,282	11,282	10,789	10,789
<i>Total employee compensation</i>	50,186	50,185	47,993	47,992
Holiday lighting	17,425	-	14,775	-
Maintenance and sanitation	115,284	-	111,739	-
Professional fees	8,301	6,500	6,296	6,500
Security	94,596	-	66,222	-
Promotional events	10,340	-	3,454	-
Promotion and advertising	19,324	-	3,919	-
Insurance	1,040	8,519	2,438	8,519
Operating costs	10,000	10,000	10,000	10,000
Rent	-	6,184	-	6,184
Depreciation	-	489	-	976
Office expense	-	2,654	-	2,499
Miscellaneous	-	7,569	-	4,863
	\$ 326,496	\$ 92,100	\$ 266,836	\$ 87,533
		\$ 418,596		\$ 354,369

See notes to financial statements.

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Statements of Cash Flows

	<i>For the Years Ended June 30,</i>	
	<i>2019</i>	<i>2018</i>
<i>Cash Flows from Operating Activities</i>		
Decrease in net assets	\$ (4,241)	\$ (26,495)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	488	976
<i>(Increase) decrease in operating assets:</i>		
Prepaid expenses	(775)	-
<i>Increase (decrease) in operating liabilities:</i>		
Accrued expenses	241	(15,638)
Due to CAMBA, Inc.	(8,703)	(17,272)
	<u>(12,990)</u>	<u>(58,429)</u>
<i>Net Decrease Cash</i>	(12,990)	(58,429)
<i>Cash - beginning</i>	<u>199,872</u>	<u>258,301</u>
<i>Cash - end</i>	<u>\$ 186,882</u>	<u>\$ 199,872</u>

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Notes to Financial Statements June 30, 2019 and 2018

1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Nature of Activities** - Flatbush Avenue District Management Association, Inc. ("FADMA" or "Organization") was formed in 1988 under the New York not-for-profit corporation law for the purposes of promoting the general welfare of the people in the area described in the Flatbush Avenue District Plan. FADMA contracts with the New York City Department of Small Business Services to provide and oversee the operation and maintenance of improvements in the described area.
- b. **Adoption of New Accounting Standard** - During the year ended June 30, 2019, the Organization implemented ASU 2016-14, *Presentation Financial Statements of Not-for-Profit Entities*. Accordingly, previously reported unrestricted net assets as of June 30, 2018 have been re-characterized to be known as net assets without donor restrictions, and additional newly required disclosures have been made in Note 4 to present information about the Organization's liquidity. Additionally, ASU 2016-14 requires classification of investment expenses which are netted in investment return to include internal investment expenses. For the years ended June 30, 2019 and 2018, the Organization did not incur any internal investment expenses.
- c. **Basis of Accounting and Presentation** - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows.
 - **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
 - **Net Assets With Donor Restrictions** - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2019 and 2018, there were no net assets with donor restrictions.
- d. **Use of Estimates** - The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.
- e. **Property and Equipment** - Furniture and equipment are carried at cost. Depreciation is computed on the straight-line method over the estimated useful lives of five years for furniture and equipment.

- f. **Grants - NYC Assessments** - FADMA receives all its assessment revenue from a special real property tax levy on community businesses which are collected by the New York City Department of Revenue which is then remitted to FADMA in the form of a grant.
- g. **Cash and Cash Equivalents** - FADMA considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2019 and 2018, FADMA had no cash equivalents.
- h. **Functional Allocation of Expenses** - The costs of providing various programs and their administration has been summarized on a functional basis in the statements of activities. Accordingly, employee compensation, payroll taxes and benefits have been allocated to direct programs and supporting services based on management's estimate of time incurred by Organization employees. The functional classifications are defined as follows:
 - i. **Program Services** - Consists of costs incurred in connection with providing services and improving the business district.
 - ii. **Supporting Services** - Consists of costs incurred in connection with the overall activities of the Organization, which are not *allocable* to another functional expense category.
 - iii. **Fundraising** - Consists of costs incurred in connection with activities related to obtaining contributions and activities *designated* to generate revenue. There were no fundraising expenses incurred for the years ended June 30, 2019 and 2018.
- i. **Income Taxes** - FADMA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

FADMA may recognize the tax benefit from an uncertain tax position, including its tax-exempt status; only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended June 30, 2019 and 2018.

FADMA files an annual Form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction. FADMA also files NYS CHAR in the New York State jurisdiction.

2 - CONCENTRATIONS OF CREDIT RISK

FADMA maintains its cash in bank deposit accounts primarily in three commercial banks located in New York. The deposited funds are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. Cash balances, from time to time, exceed federal insured limits. As of June 30, 2019 and 2018, all cash balances were insured.

3 - SERVICE PROVIDER

CAMBA, Inc. ("CAMBA"), an unrelated third party, provides FADMA with office space, professional fees, certain insurance costs, computer usage, personnel, and other services on a month to month basis. During the years ended June 30, 2019 and 2018, FADMA incurred approximately \$134,000 and \$130,000 for these administrative and personnel services, respectively. These amounts include payments made to CAMBA and its defined contribution plan of \$7,865 and \$6,478 for the years ended June 30, 2019 and 2018, respectively.

The amount due to CAMBA, Inc. at June 30, 2019 and 2018 was \$23,212 and \$31,915, respectively. The Organization makes payments as it has cash available, there are no set repayment terms and the amounts do not bear interest.

4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$186,882 of financial assets, consisting of cash, available to meet cash needs for general expenditures within one year of the statement of financial position. These financial assets are available for general expenditure and have no donor or other restrictions limiting their use.

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

5 - COMMITMENTS

The Organization has an agreement with a company to provide monthly maintenance services. The maintenance services are payable monthly, based upon an hourly billing rate through June 2020. For the year ended June 30, 2019 and 2018, the related maintenance fees amounted to \$115,284 and \$111,739, respectively.

6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 24, 2020, the date that the financial statements were available to be issued.