

**MYRTLE AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.
(A Not-For-Profit Organization)**

Financial Statements

June 30, 2019 & 2018



**MYRTLE AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.
(A Not-For-Profit Organization)**

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Audit Communication – January 25, 2020

Dear Audit Committee Members:

We have audited the financial statements of Myrtle Avenue District Management Association, Inc. (A Not-for-Profit Organization) for the year ended June 30, 2019, and have issued our report thereon dated January 25, 2020 information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 13, 2019, our responsibility, as described by professional standards is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free from material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions there is a risk that material misstatements may exist and not be detected by us.


As part of our audit, we considered the Internal Control of the Organization. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in the notes to financial statements. The new accounting pronouncements relating to the accounting and presentation of leases has not been adopted as of the end of this fiscal year. Therefore, there was no change in the presentation of right of use asset of lease obligations. We noted no transactions entered into by the Organization during the year, that were both significant and unusual, which under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Lake Success, New York
January 25, 2020

**MYRTLE AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.
(A Not-For-Profit Organization)**

Statement of Financial Position

June 30,

Assets	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 10,915	\$ 27,081
Grant receivable	36,660	40,000
Prepaid expenses	33,021	36,309
Property, plant and equipment, net	-	-
Security deposits	1,800	1,800
Other receivables	42,950	32,950
	<hr/>	<hr/>
Total Assets	<u>\$ 125,346</u>	<u>\$ 138,140</u>
Liabilities		
Accounts payable and accrued expenses	\$ 51,086	\$ 60,221
Total Liabilities	<u>51,086</u>	<u>60,221</u>
Net assets		
Without donor restrictions	74,260	77,919
Total Net Assets	<u>74,260</u>	<u>77,919</u>
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 125,346</u>	<u>\$ 138,140</u>

The accompanying notes are an integral part of these financial statements.



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**MYRTLE AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.
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Statement of Activity and Changes in Net Assets

For the Year Ended June 30,

	2019			2018
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
Support and Revenues				
Assessments	\$ 507,676	\$ -	\$ 507,676	\$ 507,676
Grant income	42,660	-	42,660	44,000
Program income	1,957	-	1,957	-
Other income	6,000	-	6,000	-
Interest income	157	-	157	220
Total Support and Revenues	<u>558,450</u>	<u>-</u>	<u>558,450</u>	<u>551,896</u>
Expenses				
Program services				
Supplemental business services	360,082	-	360,082	355,823
Supporting services			-	
Management and general	202,027	-	202,027	204,526
Total Expenses	<u>562,109</u>	<u>-</u>	<u>562,109</u>	<u>560,349</u>
Change in Operating Net Assets	(3,659)	-	(3,659)	(8,453)
Other Expense	-	-	-	-
Change in Net Assets	(3,659)	-	(3,659)	(8,453)
Net Assets - beginning of year	<u>77,919</u>	<u>-</u>	<u>77,919</u>	<u>86,372</u>
Net Assets - end of year	<u>\$ 74,260</u>	<u>\$ -</u>	<u>\$ 74,260</u>	<u>\$ 77,919</u>

The accompanying notes are an integral part of these financial statements.

**MYRTLE AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.
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**Statement of Cash Flows
For the Year Ended June 30,**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Changes in Net Assets - Page 4	\$ (3,659)	\$ (8,453)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Change in operating activities:		
Depreciation expense	-	75
(Increase)/decrease in grants receivable	3,340	(1,684)
(Increase)/decrease in prepaid expenses	3,288	(33,523)
(Increase)/decrease in other receivables	(10,000)	-
Increase/(decrease) in accounts payable & accrued expenses	(9,135)	31,313
Net Cash Provided (Used) by Operating Activities	<u>(16,166)</u>	<u>(12,272)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(16,166)	(12,272)
Cash and Cash Equivalents - beginning of year	<u>27,081</u>	<u>39,353</u>
Cash and Cash Equivalents - end of year	<u>\$ 10,915</u>	<u>\$ 27,081</u>
Interest Paid	<u>\$ 383</u>	<u>\$ 622</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**MYRTLE AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.
(A Not-For-Profit Organization)**

Notes to Financial Statements

June 30, 2019 & 2018

NOTE 1: ORGANIZATION AND TAX STATUS

Myrtle Avenue District Management Association, Inc., (Organization) was incorporated on May 4, 1983 under Section 402 of the Not-for-Profit Corporation Law of the State of New York. The Internal Revenue Service has determined that the Organization is exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code. The corporation was formed for the public purposes of promoting the general welfare of the people in the area described in the Myrtle Avenue, Ridgewood District Plan as approved by the Board of Estimate of The City of New York.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America for "Not-for-Profit Entities". The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard Update "FASB ASU No. 2016-14, *Not-for-Profit Entities* (958), *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to present information regarding its financial position and activities according to two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions – Net assets without restrictions are resources available to support activities. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use of a particular purpose or in a particular future period. Some

**MYRTLE AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.
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Notes to Financial Statements

June 30, 2019 & 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30,

	<u>2019</u>	<u>2018</u>
BID equipment.....	\$52,540	\$ 52,540
Less accumulated depreciation.....	<u>(52,540)</u>	<u>(52,540)</u>
	<u>\$ 0</u>	<u>\$ 0</u>

No depreciation expense was incurred on these assets for years ended June 30, 2019 and 2018.



**MYRTLE AVENUE DISTRICT
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Notes to Financial Statements

June 30, 2019 & 2018

NOTE 4: ASSESSMENTS

The Organization has contracted with New York City Department of Small Business Services to receive funds specially assessed for the purpose of providing additional business services within the district. The contract commenced July 1, 2017 and expires June 30, 2022. As of June 30, 2019, and 2018, the assessments received were \$507,676, and \$507,676 respectively.

NOTE 5: GRANT INCOME/GRANTS RECEIVABLE

The Organization was awarded a grant from the NYC Department of Transportation for Weekend Walks in the amount of \$6,000 and \$4,000 for the fiscal year ended June 30, 2019 and 2018 respectively.

The NYC Department of Transportation Plaza Program engages community partners to transform underutilized streets into pedestrian plazas to enhance public space (with tables, chairs, plantings and other amenities) and provide programs and event for the local community. The grants awarded were from the One NYC Plaza Equity Program reimbursement fund for which the BID could be reimbursed up to \$20,000 per Plaza. For the fiscal year ended June 30, 2019, the BID was awarded a total of \$36,660, comprised of \$19,993 for 71st Ave Plaza and \$16,667 for Venditti Square. For the fiscal year ended June 30, 2018, the BID was awarded a total of \$40,000, comprised of \$20,000 each for 71st Ave Plaza and Venditti Square.

As of June 30, 2019, and 2018 the grants receivable was \$36,660 and \$40,000 respectively.

NOTE 6: SANITATION

The Organization has a month to month sanitation services agreement with Streetplus in the amount of approximately \$16,695. As of June 30, 2019, there is no contract in place. Total sanitation charges for June 30, 2019 and 2018 amounted to \$172,199 and \$162,059 respectively.

**MYRTLE AVENUE DISTRICT
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Notes to Financial Statements

June 30, 2019 & 2018

NOTE 7: COMMITMENTS AND CONTINGENCIES

The contract of the Organization with the City of New York is subject to audit by the City. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this date. Disallowance or adjustments, if any, will be reflected in the financial statements in the year of settlement.

The Organization entered into a lease for office space for a five-year term which expires on February 28, 2021. Rent expense is recognized on a straight-line basis. The future minimum lease payments for the years ended June 30, are as follows:

2020	\$ 20,517
2021	<u>14,038</u>
Total	<u>\$ 34,555</u>

Rent expense for the year ended June 30, 2019 and 2018 was \$19,728 and \$18,970 respectively.

NOTE 8: RELATED PARTY TRANSACTIONS

Myrtle Avenue District Management Association, Inc. and Ridgewood Local Development Corporation ("LDC"), Not-for-Profit Organizations, are operated as separate entities. Both entities have common board members. Ridgewood Local Development Corporation is responsible for supervising the management of Myrtle Avenue District Management Association and its legal responsibilities. Myrtle Avenue pays to Ridgewood Local Development Corporation quarterly management fees for its services. The amounts of those fees are reviewed annually. The fees for the fiscal year ended June 30, 2019 and 2018 amounted to \$130,233 and \$130,233 respectively.

NOTE 9: NET ASSETS

The balance of net assets is a result of unused monies from prior year's budget allocations for sanitation, marketing & promotion, holiday lights and administrative expenses. The Organization may allocate the unused funds for future programs and administration.

**MYRTLE AVENUE DISTRICT
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Notes to Financial Statements

June 30, 2019 & 2018

NOTE 10: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash-equivalent accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Coverage limit. As of June 30, 2019, and 2018, the Organization had no accounts which exceeded insured limits.

NOTE 11: NEW PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 outlines a new model for accounting by lessees, whereby their rights and obligations under substantially all leases, existing and new, would be capitalized and recorded on the balance sheet. For lessors, however, the accounting remains largely unchanged from the current model, with the distinction between operating and financing leases retained, but updated to align with certain changes to the lessee model and the new revenue recognition standard. The new standard also replaces existing sale-leaseback guidance with a new model applicable to both lessees and lessors.

Additionally, the new standard requires extensive quantitative and qualitative disclosures. ASU 2016-02 is effective for U.S. GAAP public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application will be permitted for all entities. The new standard must be adopted using a modified retrospective transition of the new guidance and provides for certain practical expedients. Transition will require application of the new model at the beginning of the earliest comparative period presented. The Company will adopt ASU 2016-02 on July 1, 2019. The Company does not expect the adoption of ASU 2016-02 to have a material impact on its financial statements and disclosures.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, a consensus of the FASB's Emerging Issues Task Force ("ASU 2016-18"). ASU 2016-18 requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 does not provide a definition of restricted cash or restricted cash equivalents. ASU 2016-18 is effective for public business entities for annual and interim periods beginning after December 15, 2017. For all other

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Notes to Financial Statements

June 30, 2019 & 2018

NOTE 11: NEW PRONOUNCEMENTS(continued)

entities, ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period, and should be applied using a retrospective transition method. The Company does not expect the adoption of ASU 2016-18 to have a material impact on its financial statements and disclosures.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure framework — Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13").

The objective of ASU 2018-13 is to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of information required by U.S. GAAP. The amendments in ASU 2018-13 added, removed and modified certain fair value measurement disclosure requirements. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of ASU 2018-13. The Organization does not expect the adoption of ASU 2018-13 to have a material impact on its financial statements and disclosures.

NOTE 12: TAX STATUS

The organization is incorporated exempt from federal income taxation under Section 501 (c)(6) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). The tax years ending 2015, 2016 and 2017 are still open to audit for both federal and state purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.

**MYRTLE AVENUE DISTRICT
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Notes to Financial Statements

June 30, 2019 & 2018

NOTE 13: RECLASSIFICATIONS

Certain items were reclassified from prior period in order to be in conformity with current presentation, and had no material effect on reported earnings of those periods.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 25, 2020 the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.



**Independent Auditor's Report on Supplementary Information**

We have audited the financial statements of Myrtle Avenue District Management Association, Inc. (the "Organization") as of and for the year ended June 30, 2019 and 2018, and have issued our report thereon dated January 25, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DePietto CPA P.C.
Lake Success, New York
January 25, 2020

**MYRTLE AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.
(A Not-For-Profit Organization)**

Statement of Functional Expenses

For the Year Ended June 30,

<u>Program Services</u>		
<u>Supplemental</u>		
<u>Business Services</u>		
	<u>2019</u>	<u>2018</u>
Sanitation	\$ 172,199	\$ 162,059
Beautification	12,786	20,145
Garage rental	5,700	5,700
Holiday lights	38,088	38,088
GM repairs and maintenance	777	4,002
Green Market	11,686	11,098
Streetscape	600	2,383
Marketing & promotions	118,246	112,348
Total Program Services	\$ 360,082	\$ 355,823
<u>Supporting Services</u>		
<u>Management and General</u>		
Management fees	\$ 130,233	\$ 130,233
Computer/website repairs & expenses	3,080	5,125
Publications/Membership	1,106	1,131
Depreciation expense	-	75
Accounting	5,500	5,000
Filing fee	75	-
Legal fees	150	150
Insurance	24,951	33,003
Interest expense	383	622
Moving expenses	100	-
Rent	19,728	18,970
Repairs & maintenance	-	1,900
Telephone	1,204	707
Electric	2,285	2,028
Printing, postage, bank charges and misc.	13,232	5,582
Total Supporting Services	\$ 202,027	\$ 204,526
Total Expenses	\$ 562,109	\$ 560,349

The accompanying notes are an integral part of these financial statements.



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