

# West Brighton Community Local Development Corporation

Financial Statements  
and  
Supplementary Information

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

Certified Public Accountants



DeSantis  
Kiefer  
Shall &  
Sarcone  
LLP

*Navigating the Road  
to  
Financial Security*

# West Brighton Community Local Development Corporation

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**Independent Auditors' Report**

Board of Directors  
West Brighton Community Local Development Corporation

We have audited the accompanying Statements of Financial Position of West Brighton Community Local Development Corporation (a not-for-profit corporation) as of June 30, 2012 and 2011, and the related Statements of Activities and Cash Flows for the years then ended. These financial statements are the responsibility of the management of West Brighton Community Local Development Corporation. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Brighton Community Local Development Corporation as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Statements of Functional Expenses and Schedules of Activities by Source are presented for purposes of additional analysis and are 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.

*DeSantis Kiefer Shall & Sarcone, LLP*  
May 7, 2013

# West Brighton Community Local Development Corporation

## Statements of Financial Position June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,474	\$ 60,480
Contracts Receivable		
Net of Allowance of \$-0- and \$11,882	103,640	86,823
Other Receivable	9,250	6,173
Prepaid Expenses	1,458	2,439
Security Deposit	5,400	5,400
Total Current Assets	121,222	161,315
Fixed Assets:		
Leasehold Improvements and Equipment	3,878	3,878
Less: Accumulated Depreciation	2,439	1,663
Total Fixed Assets	1,439	2,215
Total Assets	\$ 122,661	\$ 163,530
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Contract Payable	\$ 3,216	\$ 10,038
Accounts Payable and Accrued Expenses	4,740	14,176
Overdraft Cash	608	
Total Current Liabilities	8,564	24,214
Net Assets:		
Unrestricted	114,097	139,316
Total Net Assets	114,097	139,316
Total Liabilities and Net Assets	\$ 122,661	\$ 163,530

The Accompanying Notes are an Integral Part of this Statement.

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# West Brighton Community Local Development Corporation

## Statements of Activities for the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Net Assets:		
<u>Support and Revenue</u>		
Support:		
Grants from Government Agencies	\$ 94,811	\$ 116,578
Grants from the Private Sector	<u>62,057</u>	<u>56,505</u>
Total Support	<u>156,868</u>	<u>173,083</u>
Revenue:		
Management Fee	56,000	55,000
Program Income	22,732	17,350
Interest Income	548	882
Membership Income		
Special Event Revenue	\$ 6,655	\$ 6,145
Less: Special Event Expenses	<u>3,469</u>	<u>4,352</u>
Net Special Event Revenue	3,186	1,793
Other Income	<u>674</u>	<u>1,440</u>
Total Revenue	<u>83,140</u>	<u>76,465</u>
Total Support and Revenue	<u>240,008</u>	<u>249,548</u>
<u>Expenses</u>		
Program Services	193,945	226,021
Management and General	<u>71,282</u>	<u>73,128</u>
Total Expenses	<u>265,227</u>	<u>299,149</u>
Total Changes in Unrestricted Net Assets	(25,219)	(49,601)
Net Assets, Beginning of Year	<u>139,316</u>	<u>188,917</u>
Net Assets, End of Year	<u><u>\$ 114,097</u></u>	<u><u>\$ 139,316</u></u>

# West Brighton Community Local Development Corporation

## Statements of Cash Flows for the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Changes in Unrestricted Net Assets	\$ (25,219)	\$ (49,601)
Adjustments to Reconcile Changes in Unrestricted Net Assets to Net Cash Used In Operating Activities:		
Depreciation	776	475
Loss on Disposal of Fixed Assets		4,009
(Increase) Decrease in Operating Assets:		
Contracts Receivable	(16,817)	(8,663)
Other Receivable	(3,077)	(6,173)
Prepaid Expense	981	(881)
Security Deposit		100
Increase (Decrease) in Operating Liabilities:		
Accounts Payable - NYC Contract	(6,822)	1,315
Accrued Expenses	(9,436)	13,539
Deferred Revenue		(30,233)
Total Adjustments	<u>(34,395)</u>	<u>(26,512)</u>
Net Cash Used In Operating Activities	<u>(59,614)</u>	<u>(76,113)</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment		<u>(1,500)</u>
Net Cash Used In Investing Activities		<u>(1,500)</u>
Cash Flows from Financing Activities		
Overdraft Cash	<u>608</u>	
Net Cash Provided by Financing Activities	<u>608</u>	
Net Decrease in Cash and Cash Equivalents	(59,006)	(77,613)
Cash and Cash Equivalents, Beginning of Year	<u>60,480</u>	<u>138,093</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,474</u>	<u>\$ 60,480</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	<u>\$ 0</u>	<u>\$ 0</u>
Cash Paid for Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>

The Accompanying Notes are an Integral Part of this Statement.

# West Brighton Community Local Development Corporation

Notes to Financial Statements  
June 30, 2012 and 2011

## 1. Nature of Activities

The West Brighton Community Local Development Corporation (the Corporation) was established as a not-for-profit corporation in August 1980. It is dedicated to making the West Brighton community of Staten Island, New York a better place to live and shop. Their programs are designed to attract new business and assist existing businesses in expansion, renovations, promotions and interactions with government agencies

## 2. Summary of Significant Accounting Policies

### *Method of Accounting*

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### *Basis of Presentation*

The Corporation follows the Financial Accounting Standard Board Accounting Standard Codification topic (FASB ASC) that addresses financial statements for non-profit organizations. Under this standard, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows.

The Corporation also follows the FASB ASC topic that addresses accounting for contributions received and contributions made. In accordance with this standard, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Corporation could receive contributions with donor-imposed restrictions that result in temporarily restricted net assets.

It is the Corporation's policy to report donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

# West Brighton Community Local Development Corporation

## Notes to Financial Statements June 30, 2012 and 2011

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. At June 30, 2012 and 2011, there were no temporarily or permanently restricted net assets.

### ***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

For financial statement purposes, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

### ***Contracts Receivable and Allowance for Doubtful Accounts***

The Corporation has Contracts Receivable due from various government agencies and Business Outreach Center (BOC) Network Inc. The balances have been adjusted for all known uncollectible accounts and are stated at the amount management expects to collect from outstanding balances. Based on management's evaluation of collectability, an allowance for doubtful accounts of \$11,882 has been provided for its contract with NYC Council in FY 2011.

### ***Other Receivable***

Other Receivable consists of fees due from program services and contribution from the Corporation's Women's Conference.

### ***Fixed Assets***

The Corporation capitalizes fixed asset additions greater than \$1,000 at cost if purchased or at their fair market value if donated. Fixed assets are depreciated on a straight-line basis over their estimated useful lives.

# West Brighton Community Local Development Corporation

Notes to Financial Statements  
June 30, 2012 and 2011

## ***Grants from Government Agencies***

The Corporation receives contract revenue from government agencies in order to run their programs. All contract revenue is recognized in the contract period when it is earned.

## ***Managing Agent***

The Corporation acts as the managing agent for the Forest Avenue Business Improvement District (BID). The Corporation handles the day-to-day operating functions for the Forest Avenue BID and receives a management fee which is paid quarterly.

## ***Functional Expenses***

The costs of providing the Corporation's services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and management and general services benefited.

## ***Advertising Expenses***

Advertising costs are expensed as incurred. Advertising and marketing expenses were \$5,717 and \$2,649 for the years ended June 30, 2012 and 2011, respectively.

## ***Income Tax Status***

The Corporation is exempt from income taxes as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws. The Corporation represents that, to the best of its knowledge and belief, the tax-exempt status is still in effect as of June 30, 2012.

## ***Fair Value Measurements***

The Corporation reports a fair value measurement for all applicable assets and liabilities (see Note 7) in accordance with applicable accounting standard.

# West Brighton Community Local Development Corporation

Notes to Financial Statements  
June 30, 2012 and 2011

### 3. Contract Payable

Government grants are conditioned upon the Corporation incurring certain qualifying costs as set forth in the grant agreements. Failure to fulfill the conditions may result in the return of part or all of the funds to the government agencies. The management estimated that a contract payable of \$3,216 and \$10,038 for the years ended June 30, 2012 and 2011, respectively, was required for cost adjustments.

### 4. Concentration of Credit Risk

The Corporation maintains its cash balances at several financial institutions in Staten Island, New York. Non-interest bearing accounts at each institution are fully insured by the Federal Deposit Insurance Company (FDIC) through December 31, 2012. Interest-bearing accounts at each institution are secured by the FDIC up to \$250,000. The Corporation had no uninsured cash balances at June 30, 2012 and 2011.

### 5. Line of Credit

The Corporation maintains a revolving line of credit with Richmond County Saving bank – NYCB in the amount of \$25,000. Borrowings under the line bear interest at 6% at June 30, 2012 and expires in March 1, 2015. The Corporation had no outstanding balance at June 30, 2012 and 2011.

### 6. Operating Lease

The Corporation leases various office equipment under operating lease with varying expirations. Lease expense for office equipment was \$7,218 and \$8,185 at June 30, 2012 and 2011, respectively. A security deposit of \$500 for certain equipment has been recognized on the Statement of Financial Position.

In October 2010, the Corporation entered into a lease for its office facility at 705 Forest Ave, Staten Island, New York for a period of five years which will expire on September 30, 2015. A security deposit of \$4,900, which equals two months' rent, was paid at the commencement of the lease and is recognized as an asset of the Statement of Financial Position. In addition to the base rent, per the terms of the lease, the Corporation shall also pay certain operating and maintenance expenses to the landlord. Rent expense was \$33,666 and \$34,788 at June 30, 2012 and 2011, respectively.

# West Brighton Community Local Development Corporation

## Notes to Financial Statements June 30, 2012 and 2011

As of June 30, 2012, the future minimum lease payments for the equipment and office leases are:

2013	\$ 38,172
2014	34,902
2015	35,856
2016	<u>9,274</u>
Total	<u>\$118,204</u>

### 7. Fair Value Measurements

The Corporation follows FASB ASC topic that addresses fair value measurements. This topic applies to all assets and liabilities that are being measured and reported on a fair value basis, and requires disclosure that establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America. It enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. In determining the appropriate levels, the Corporation performs a detailed analysis of the assets and liabilities that are subject to this standard.

The carrying amounts of cash, contracts receivables, other receivable, prepaid expenses, contract payable, accounts payable and accrued expenses approximates fair value due to the short term maturities of these instruments.

### 8. Related Party Transactions

A director of the Board is also the president of a printing company which provided printing services for the Corporation at a competitive rate. The Corporation paid approximately \$2,497 for printing materials from the related party during the year ended June 30, 2012.

# West Brighton Community Local Development Corporation

## Notes to Financial Statements June 30, 2012 and 2011

### **9. Income Tax Uncertainties**

The Corporation has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Corporation has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Corporation believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustment that would result in a material adverse affect on the Corporation's financial condition, results of operations or cash flows. Accordingly, the Corporation has not recorded any reserves or related accruals for taxes, interest and penalties for uncertain income tax positions at June 30, 2012.

The Corporation is subject to examinations by Federal and New York State taxing authorities for the years ending June 30, 2009, 2010, 2011; however, there are currently no examinations for any tax periods in progress.

### **10. Subsequent Events**

The Corporation has evaluated events through May 7, 2013, the date which the financial statements were available to be issued, and has determined that there are no reportable subsequent events or transactions that need to be disclosed in these financial statements.

### **11. Supplementary Information**

The Supplementary Information "Schedule of Activities by Source" was prepared on the accrual basis of accounting. Revenues are reported including all accounts receivable at June 30, 2012 and 2011. Expenses are those that were incurred at June 30, 2012 and 2011.

# **West Brighton Community Local Development Corporation**

## **Supplementary Information**

# West Brighton Community Local Development Corporation

## Statements of Functional Expenses for the Years Ended June 30, 2012 and 2011

	2012			2011		
	Program Expenses	Management and General Expenses	Total Expenses	Program Expenses	Management and General Expenses	Total Expenses
Employee Salaries	\$ 97,601	\$ 41,829	\$ 139,430	\$ 95,229	\$ 40,812	\$ 136,041
Fringe Benefits	8,869	3,801	12,670	18,314	7,849	26,163
Office Supplies Expense	1,226	526	1,752	1,877	805	2,682
Postage	542	232	774	774	332	1,106
Printing	3,440	1,474	4,914	1,135	487	1,622
Rent	23,566	10,100	33,666	24,352	10,436	34,788
Utilities	3,109	1,333	4,442	2,142	918	3,060
Insurance	2,064	885	2,949	2,356	1,010	3,366
Telephone	4,477	1,919	6,396	3,797	1,627	5,424
Equipment Rental and Maintenance	5,752	2,465	8,217	7,701	3,300	11,001
Professional Fees	8,769	3,758	12,527	5,537	2,373	7,910
Conference and Seminars	510	218	728	356	152	508
Travel	870	373	1,243	596	255	851
Depreciation Expense	543	233	776	333	142	475
Dues and Subscriptions	545	233	778	502	215	717
Miscellaneous	440	188	628	972	417	1,389
Program Related Expenses	27,540		27,540	18,633		18,633
Marketing and Advertising	4,002	1,715	5,717	1,854	795	2,649
Loss on Disposal of Fixed Assets				2,806	1,203	4,009
Bad Debts	80		80	36,755		36,755
<b>Total Expenses</b>	<b>\$ 193,945</b>	<b>\$ 71,282</b>	<b>\$ 265,227</b>	<b>\$ 226,021</b>	<b>\$ 73,128</b>	<b>\$ 299,149</b>

The Accompanying Notes are an Integral Part of this Statement.

# West Brighton Community Local Development Corp.

## Schedule of Activities by Source for the Years Ended June 30, 2012

	Ave NYC <u>R12-420</u>	NYC <u>M/WBE</u>	NYC <u>Council</u>
Revenue	<u>\$ 44,001</u>	<u>\$ 43,817</u>	<u>\$ 6,993</u>
Employee Salaries	\$ 18,000	\$ 25,133	\$ 4,500
Fringe Benefits	1,763	4,510	675
Office Supplies Expense	834	446	
Postage	410	31	
Rent	7,832	5,268	1,067
Utilities	1,540	632	226
Dues and Subscriptions	150		
Insurance	315	699	
Telephone	3,168	1,472	
Equipment Rental and Maintenance	2,762	1,518	525
Professional Fees	3,363	1,946	
Travel	7	55	
Program Related Expenses	3,816		
Marketing and Advertising	<u>41</u>	<u>2,107</u>	
 Total Expenses	 <u>\$ 44,001</u>	 <u>\$ 43,817</u>	 <u>\$ 6,993</u>

Included in the Statement of Financial Position are the following balances:

Contracts Receivable	\$94,811
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# West Brighton Community Local Development Corp.

## Schedule of Activities by Source for the Years Ended June 30, 2011

	<u>NYC Borough President</u>	<u>NYC R11-420</u>	<u>NYC M/WBE</u>	<u>NYC Council</u>
Revenue	<u>\$ 1,197</u>	<u>\$ 64,569</u>	<u>\$ 38,930</u>	<u>\$ 11,882</u>
Employee Salaries		\$ 32,340	\$ 20,862	\$ 4,300
Fringe Benefits		5,815	2,978	613
Office Supplies Expense		1,189	460	49
Postage		150	117	
Rent		9,800	6,263	1,200
Insurance			640	
Telephone		1,500		240
Equipment Purchases	\$ 1,197			
Equipment Rental and Maintenance		2,250	1,400	
Professional Fees		8,000	1,020	
Travel		75		
Program Related Expenses		3,450	5,190	5,480
Marketing and Advertising				
Total Expenses	<u>\$ 1,197</u>	<u>\$ 64,569</u>	<u>\$ 38,930</u>	<u>\$ 11,882</u>

Included in the Statement of Financial Position are the following balances:

Contracts Receivable	\$ 84,706
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