

QUEENS ECONOMIC  
DEVELOPMENT CORPORATION

AUDITED  
FINANCIAL STATEMENTS

JUNE 30, 2013

QUEENS ECONOMIC DEVELOPMENT CORPORATION

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Frank Tramontano, Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Queens Economic Development Corporation

I have audited the accompanying statement of financial position of Queens Economic Development Corporation as of June 30, 2013 and the related statements of activities and cash flows for the year ended June 30, 2013. These financial statements are the responsibility of Queens Economic Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Queens Economic Development Corporation as of June 30, 2013 and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

New York, New York  
November 7, 2013

QUEENS ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2013

CURRENT ASSETS

Cash and cash equivalent	\$ 1,172,931
Due from government agencies – Note 3	224,564
Other receivable	47,748
Other Assets	<u>14,855</u>
	\$ 1,460,098

TOTAL CURRENT ASSETS    \$ 1,460,098

Leasehold Improvements and Equipment

Leasehold Improvements	9,070
Equipment and Fixtures	8,830
Less: accumulated depreciation	<u>(13,485)</u>
	4,415

TOTAL ASSETS    \$ 1,464,513

LIABILITIES

Accounts Payable	\$ 57,305
Securities Payable	99,514
Accrued Expenses	<u>52,193</u>
	209,012

TOTAL LIABILITIES    209,012

NET ASSETS

Unrestricted	1,255,501
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TOTAL NET ASSETS    1,255,501

TOTAL LIABILITIES AND NET ASSETS    \$ 1,464,513

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Total</u>
<u>Public Support and Revenue</u>		
Government grants	\$ 653,916	653,916
Grants and contributions	319,324 ✓	319,324
Program Revenue and Fees – Note 5	624,719 X	624,719
In-kind contribution –Note 2 and 6	36,000	36,000
Interest and Other Income	<u>5,501 X</u>	<u>5,501</u>
 Total Public Support and Revenue	 <u>\$ 1,639,460</u>	 <u>1,639,460</u>
<u>Expenses</u>		
<u>Program services</u>		
Business services	955,226	955,226
Training	135,268	135,268
Neighborhood economic development	<u>279,683</u>	<u>279,683</u>
 Total program services	 <u>1,370,177</u>	 <u>1,370,177</u>
 <u>Support Services</u>		
Administrative and general	203,431	203,431
Fundraising	<u>85,450</u>	<u>85,450</u>
 Total support services	 <u>288,881</u>	 <u>288,881</u>
 Total expenses	 <u>1,659,058</u>	 <u>1,659,058</u>
 Change in net assets	 (19,598)	 (19,598)
Net assets beginning of year (restated) note 10	<u>1,275,099</u>	<u>1,275,099</u>
Net assets at end of year	<u>\$ 1,255,501</u>	<u>1,255,501</u>

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR YEAR ENDED JUNE 30, 2013

	PROGRAM SERVICES			SUPPORTING SERVICES			Program and Supporting Services	
	Business Services	Training	Neighborhood Economic Development	Total	Administrative and general	Fundraising		Total
Salary	\$ 408,268	58,324	116,648	583,240	72,229	22,000	94,229	677,469
Payroll taxes and fringes	27,440	18,293	45,733	91,466	11,327	3,450	14,777	106,243
Total Payroll and fringes	435,708	76,617	162,381	674,706	83,556	25,450	109,006	783,712
Telephone	8,353	1,193	2,387	11,933	1,326	0	1,326	13,259
Postage	2,108	301	602	3,011	335	0	335	3,346
Office Supplies	29,820	4,260	8,520	42,600	4,733	0	4,733	47,333
Occupancy-in kind	25,200	3,600	7,200	36,000	0	0	0	36,000
Equipment Lease	8,913	1,273	2,546	12,732	1,415	0	1,415	14,147
Repair and Maintenance	55,698	7,957	15,914	79,569	8,841	0	8,841	88,410
Temporary Help	0	0	0	0	11,397	0	11,397	11,397
Utilities	47,085	6,726	13,453	67,264	0	0	0	67,264
Meetings/Workshops/Events	20,773	2,968	5,935	29,676	0	0	0	29,676
Profess. fees and services	77,760	0	0	77,760	49,040	0	49,040	126,800
Marketing and Printing	65,219	9,317	18,634	93,170	0	0	0	93,170
Contract/Consulting Services	37,262	5,323	10,646	53,231	0	60,000	60,000	113,231
Payroll Service	0	0	0	0	4,091	0	4,091	4,091
Insurance	0	0	0	0	14,820	0	14,820	14,820
Travel	2,315	331	662	3,308	367	0	367	3,675
Staff Development/ Training	7,000	1,000	2,000	10,000	0	0	0	10,000
Subscriptions & Fees	0	0	0	0	18,535	0	18,535	18,535
Rent - E- Space	100,813	14,402	28,803	144,018	0	0	0	144,018
Depreciation	2,522	0	0	2,522	0	0	0	2,522
Business/Econ. development	31,200	0	0	31,200	0	0	0	31,200
Miscellaneous	2,452	0	0	2,452	0	0	0	2,452
Total	\$ 960,201	135,268	279,683	1,375,152	198,456	85,450	283,906	1,659,058

Total

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
AS OF JUNE 30, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 27,504
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	2,522
Increase in due from government agencies	(114,920)
Increase in other receivable	(23,957)
Decrease in prepaid expenses	14,930
Decrease in accounts payables	(11,104)
Decrease in Security Payables	(4,872)
Increase in Accrued Expenses	<u>2,193</u>
Net cash increased from operations	(107,704)
 <b>BEGINNING CASH AND CASH EQUIVALENTS</b>	 <b>1,280,635</b>
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	 <b><u>\$ 1,172,931</u></b>

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

Note 1

Organization

Queens Economic Development Corporation (QEDC) was established in 1976 as a not-for-profit corporation to carry out economic development planning and promote projects and other economic activities for public objectives in Queens County in the State of New York.

QEDC is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code and similar provisions of the State code.

Note 2

Summary of significant accounting policies

The accompanying financial statements have been prepared on the accrual basis of accounting.

Support

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. QEDC reports gifts of cash and other net assets as restricted support if they are received with donor stipulations that limit the use of donated assets, or if they are designated for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. QEDC has no restricted assets.

In-kind contributions are reflected in the statement of activities at fair value.

Cash and cash equivalent

Cash and cash equivalent consist of cash held in checking, money market and term deposits. These accounts are maintained at three major financial institutions. Management believes QEDC is not exposed to any significant credit risk on cash and cash equivalent.

QUEENS ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

Note 2

Summary of significant accounting policies (continued)

Fixed assets

Acquisitions of fixed assets are capitalized and depreciated using the straight-line method over their estimated useful lives.

Equipment purchased with government-funded grants are charged as expense and included in the statement of activities and functional expenses in accordance with the provisions of grant agreements. Those equipment are properties of the funding agencies and retained by QEDC for the performance of QEDC's program or related activities.

Estimates

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

Note 3

Due from government agencies

As of June 2013, due from government agencies consisted of the following:

US Small Business Administration	\$	59,368
NYC Department of Business Service		36,150
Empire State Entrepreneur Assistance Program		105,681
NYC Community Development Block Grant		10,000
New York City Mayor's Fund		3,365
Queens Borough President		<u>10,000</u>
Total	\$	<u>224,564</u>

Note 4

Investment

In 1988 QEDC made an investment of \$300,000 in a limited partnership, Hollis Associates. QEDC was a 60% limited partner and assigned its interest in 1988 to an affiliated not-for-profit organization, QUEST Local Development Corporation. Board members of QUEST are appointed by the board of directors of QEDC and include membership from Hollis Local Development Corporation (HLDC).

QUEENS ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

- Note 4                    Investment (continued)  
In 1997, QUEST board of directors and QEDC board of directors agreed that net earnings distributed to QUEST by Hollis Mall Associates be shared equally between QEDC and HLDC.
- Note 5                    Program Revenue  
In 2010 QEDC started a new program to spur economic development among cooking entrepreneurs. Operating as a disregarded entity, The Entrepreneur Space provides a professional commercial kitchen for rent on an as needed basis to aspiring caterers, bakers, candy and condiment makers and others. The Incubator also provides business counseling and technical assistance. Operating revenue generated in 2013 was \$530,340.
- Note 6                    In-kind contributions  
Since 1997, QEDC moved into an office space provided by the Queens Borough President's Office. The office space plus maintenance, and utilities were being provided without charge. Total occupancy cost was estimated at \$36,000 per year.
- Note 7                    Functional allocation of expense  
The costs of providing QEDC services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs.
- Note 8                    Contingencies  
All government grants are subject to audit by funding agencies. No provision has been made for any liabilities which may arise from such audit since the amount, if any, can not be determined at this date. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.
- Note 9                    Concentration  
QEDC receives funding from various government agencies under contract grant agreements subject to renewal on a year to year basis. For the year ended June 30, 2013 41% of the funding was from such contracts.

QUEENS ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

Note 10

Prior Year Adjustment

During Fiscal 2013, management determined that the previously issued financial statements for QEDC in Fiscal 2012 were incorrect because the process of eliminating intercompany transactions with the Entrepreneur Space operation failed to account for the amount due to QEDC. The effect of this restatement was to increase beginning assets by \$47,130.