

West Brighton Community Local Development Corporation

Financial Statements
and
Supplementary Information

June 30, 2013 and 2012

(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

Report on the Financial Statements

We have audited the accompanying Financial Statements of West Brighton Community Local Development Corporation (a not-for-profit corporation), which comprise the Statements of Financial Position as of June 30, 2013 and 2012, and the related Statements of Activities 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.

Auditor's 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 audits 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 West Brighton Community Local Development Corporation as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information in Relation to the Financial Statements

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Statements of Functional Expenses and Schedules of Activities by Source are 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 Statements of Functional Expenses and Schedules of Activities by Source are fairly stated, in all material respects, in relation to the financial statements as a whole.

DeSantis Kufner Shall & Sarcone, LLP

Staten Island, New York

January 15, 2014

West Brighton Community Local Development Corporation

Statements of Financial Position June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 147,814	\$ 1,474
Contracts Receivable	62,759	103,640
Other Receivable	2,630	9,250
Prepaid Expenses	1,479	1,458
Security Deposit	5,400	5,400
	<hr/>	<hr/>
Total Current Assets	220,082	121,222
	<hr/>	<hr/>
Fixed Assets:		
Leasehold Improvements and Equipment	8,404	3,878
Less: Accumulated Depreciation	3,369	2,439
	<hr/>	<hr/>
Total Fixed Assets	5,035	1,439
	<hr/>	<hr/>
Total Assets	<u>\$ 225,117</u>	<u>\$ 122,661</u>
	<hr/>	<hr/>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Contract Payable	\$ 3,216	\$ 3,216
Accounts Payable and Accrued Expenses	78,214	4,740
Overdraft Cash		608
	<hr/>	<hr/>
Total Current Liabilities	81,430	8,564
	<hr/>	<hr/>
Net Assets:		
Unrestricted	116,187	114,097
Temporarily Restricted	27,500	
	<hr/>	<hr/>
Total Net Assets	143,687	114,097
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 225,117</u>	<u>\$ 122,661</u>
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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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted Net Assets:		
<u>Support and Revenue</u>		
Support:		
Grants from Government Agencies	\$ 208,810	\$ 94,811
Grants from the Private Sector	<u>65,040</u>	<u>62,057</u>
Total Support	<u>273,850</u>	<u>156,868</u>
Revenue:		
Management Fee	56,000	56,000
Program Income	24,505	22,732
Interest Income	209	548
Membership Income		
Special Event Revenue		\$ 6,655
Less: Special Event Expenses		<u>3,469</u>
Net Special Event Revenue		3,186
Other Income	<u>48</u>	<u>674</u>
Total Revenue	<u>80,762</u>	<u>83,140</u>
Total Support and Revenue	<u>354,612</u>	<u>240,008</u>
<u>Expenses</u>		
Program Services	284,883	193,945
Management and General	<u>67,639</u>	<u>71,282</u>
Total Expenses	<u>352,522</u>	<u>265,227</u>
Total Changes in Unrestricted Net Assets	<u>2,090</u>	<u>(25,219)</u>
Temporarily Restricted Net Assets:		
Grants from the Private Sector	<u>27,500</u>	
Total Change in Temporarily Restricted Net Assets	<u>27,500</u>	
Total Change in Net Assets	29,590	(25,219)
Net Assets, Beginning of Year	<u>114,097</u>	<u>139,316</u>
Net Assets, End of Year	<u>\$ 143,687</u>	<u>\$ 114,097</u>

The Accompanying Notes are an Integral Part of this Statement.

West Brighton Community Local Development Corporation

Statements of Cash Flows for the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ 29,590	\$ (25,219)
Adjustments to Reconcile Changes in Unrestricted Net Assets to Net Cash Used In (Provided By) Operating Activities:		
Depreciation	930	776
(Increase) Decrease in Operating Assets:		
Contracts Receivable	40,881	(16,817)
Other Receivable	6,620	(3,077)
Prepaid Expense	(21)	981
Increase (Decrease) in Operating Liabilities:		
Accounts Payable - NYC Contract		(6,822)
Accounts Payable and Accrued Expenses	73,474	(9,436)
Total Adjustments	<u>121,884</u>	<u>(34,395)</u>
Net Cash Used In (Provided By) Operating Activities	<u>151,474</u>	<u>(59,614)</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	<u>(4,526)</u>	<u> </u>
Net Cash Provided By In Investing Activities	<u>(4,526)</u>	<u> </u>
Cash Flows from Financing Activities		
Overdraft Cash	<u>(608)</u>	<u>608</u>
Net Increase (Decrease) in Cash and Cash Equivalents	146,340	(59,006)
Cash and Cash Equivalents, Beginning of Year	<u>1,474</u>	<u>60,480</u>
Cash and Cash Equivalents, End of Year	<u>\$ 147,814</u>	<u>\$ 1,474</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.

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West Brighton Community Local Development Corporation

Notes to Financial Statements
June 30, 2013 and 2012

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 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, 2013 and 2012

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, 2013 and 2012, there were no 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

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 has not been provided as the amount is not considered material.

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, 2013 and 2012

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 \$8,733 and \$5,717 for the years ended June 30, 2013 and 2012, 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, 2013.

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, 2013 and 2012

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 for both the years ended June 30, 2013 and 2012 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. At June 30, 2013, accounts were insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000.

Non-interest bearing accounts at these institutions are fully insured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2012. Interest bearing accounts are secured by the FDIC for a maximum of \$250,000 at June 30, 2012.

The Corporation had no uninsured cash balances at June 30, 2013 and 2012.

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, 2013 and expires in March 1, 2015. The Corporation had no outstanding balance at June 30, 2013 and 2012.

6. Operating Lease

The Corporation leases various office equipment under operating lease with varying expirations. Lease expense for office equipment was \$7,235 and \$7,218 at June 30, 2013 and 2012, respectively. A security deposit of \$500 for certain equipment has been recognized on the Statement of Financial Position.

West Brighton Community Local Development Corporation

Notes to Financial Statements June 30, 2013 and 2012

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 \$36,462 and \$33,666 at June 30, 2013 and 2012, respectively.

As of June 30, 2013, the future minimum lease payments for the equipment and office leases are:

2014	\$ 34,902
2015	35,856
2016	<u>9,274</u>
Total	<u>\$80,032</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, accrued expenses and deferred revenue approximates fair value due to the short term maturities of these instruments.

8. Related Party Transactions

The Vice President 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 \$4,037 and \$2,497 for printing materials from the related party during the year ended June 30, 2013 and 2012, respectively.

West Brighton Community Local Development Corporation

Notes to Financial Statements June 30, 2013 and 2012

9. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$27,500 at June 30, 2013 represent funds that are to be spent on a project in fiscal year 2014.

10. 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, 2013.

The Corporation is subject to examinations by Federal and New York State taxing authorities for the years ending June 30, 2010, 2011, 2012; however, there are currently no examinations for any tax periods in progress.

11. Subsequent Events

The Corporation has evaluated events through January 15, 2014, 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.

12. 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, 2013 and 2012. Expenses are those that were incurred at June 30, 2013 and 2012.

West Brighton Community Local Development Corporation

Supplementary Information

West Brighton Community Local Development Corporation

Statements of Functional Expenses for the Years Ended June 30, 2013 and 2012

	2013			2012		
	<u>Program Expenses</u>	<u>Management and General Expenses</u>	<u>Total Expenses</u>	<u>Program Expenses</u>	<u>Management and General Expenses</u>	<u>Total Expenses</u>
Employee Salaries	\$ 75,695	\$ 32,440	\$ 108,135	\$ 97,601	\$ 41,829	\$ 139,430
Fringe Benefits	7,801	3,343	11,144	8,869	3,801	12,670
Office Supplies Expense	3,895	1,671	5,566	1,226	526	1,752
Postage	1,481	635	2,116	542	232	774
Printing	1,907	817	2,724	3,440	1,474	4,914
Rent	25,523	10,939	36,462	23,566	10,100	33,666
Utilities	2,597	1,113	3,710	3,109	1,333	4,442
Insurance	2,352	1,008	3,360	2,064	885	2,949
Telephone	5,474	2,346	7,820	4,477	1,919	6,396
Equipment Rental and Maintenance	7,007	3,003	10,010	5,752	2,465	8,217
Professional Fees	16,130	6,913	23,043	8,769	3,758	12,527
Conference and Seminars	343	147	490	510	218	728
Travel	465	199	664	870	373	1,243
Depreciation Expense	651	279	930	543	233	776
Dues and Subscriptions	133	57	190	545	233	778
Miscellaneous	255	109	364	440	188	628
Program Related Expenses	127,061		127,061	27,540		27,540
Marketing and Advertising	6,113	2,620	8,733	4,002	1,715	5,717
Bad Debts				80		80
Total Expenses	<u>\$ 284,883</u>	<u>\$ 67,639</u>	<u>\$ 352,522</u>	<u>\$ 193,945</u>	<u>\$ 71,282</u>	<u>\$ 265,227</u>

The Accompanying Notes are an Integral Part of this Statement.

West Brighton Community Local Development Corp.

Schedule of Activities by Source for the Year Ended June 30, 2013

	<u>NYS BOA</u>	<u>NYC Tech Coalition</u>	<u>NYC R13-420</u>	<u>NYC M/WBE</u>	<u>NYC Borough President</u>	<u>NYC Council</u>
Revenue	<u>\$ 115,625</u>	<u>\$ 11,978</u>	<u>\$ 29,733</u>	<u>\$ 45,950</u>	<u>\$ 2,024</u>	<u>\$ 3,500</u>
Employee Salaries		\$ 2,504	\$ 13,000	\$ 29,979		\$ 1,700
Fringe Benefits			2,376	2,221		255
Office Supplies Expense		1,541	500	1,200		
Postage		510	391			
Printing			285			
Rent		1,978	2,367	8,987		1,507
Utilities			533	754		38
Telephone		1,218	800			
Equipment Purchases		3,376			\$ 2,024	
Equipment Rental and Maintenance			1,500	401		
Professional Fees			2,500			
Travel			46			
Program Related Expenses	\$ 115,625	851	2,373			
Marketing and Advertising			<u>3,062</u>	<u>2,408</u>		
Total Expenses	<u>\$ 115,625</u>	<u>\$ 11,978</u>	<u>\$ 29,733</u>	<u>\$ 45,950</u>	<u>\$ 2,024</u>	<u>\$ 3,500</u>

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

Contracts Receivable \$ 56,768

West Brighton Community Local Development Corp.

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

	<u>Ave NYC</u> <u>R12-420</u>	<u>NYC</u> <u>M/WBE</u>	<u>NYC</u> <u>Council</u>
Revenue	\$ 44,001	\$ 43,817	\$ 6,993
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	41	2,107	
 Total Expenses	 \$ 44,001	 \$ 43,817	 \$ 6,993

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

Contracts Receivable	\$94,811
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