

QUEENS ECONOMIC
DEVELOPMENT CORPORATION

AUDITED
FINANCIAL STATEMENTS

JUNE 30, 2014

QUEENS ECONOMIC DEVELOPMENT CORPORATION

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Frank Tramontano, Certified Public Accountant

457 – 80th Street
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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, 2014 and the related statements of activities and cash flows for the year ended June 30, 2014. 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, 2014 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
February 9, 2015

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014

CURRENT ASSETS	
Cash and cash equivalent	\$ 1,090,324
Due from government agencies – Note 3	209,220
Other receivable	93,864
Prepaid expenses	14,042
Other assets	<u>14,855</u>
	\$ 1,422,305
TOTAL CURRENT ASSETS	<u>\$ 1,422,305</u>
Leasehold Improvements and Equipment	
Leasehold Improvements	9,070
Equipment and Fixtures	8,830
Less: accumulated depreciation	<u>(15,251)</u>
	2,649
TOTAL ASSETS	\$ 1,424,954
LIABILITIES	
Accounts Payable	\$ 57,499
Securities Payable	109,794
Accrued Expenses	<u>50,020</u>
	217,313
TOTAL LIABILITIES	<u>217,313</u>
NET ASSETS	
Unrestricted	1,207,641
TOTAL NET ASSETS	<u>1,207,641</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,424,454</u>

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Total</u>
<u>Public Support and Revenue</u>		
Government grants	\$ 655,084	655,084
Grants and contributions	378,500	378,500
Program Revenue and Fees – Note 5	694,681	694,681
In-kind contribution- Note 2 and 6	40,000	40,000
Interest and Other Income	<u>6,805</u>	<u>6,805</u>
 Total Public Support and Revenue	 <u>\$ 1,775,070</u>	 <u>1,775,070</u>
<u>Expenses</u>		
<u>Program services</u>		
Business services	1,063,892	1,063,892
Training	173,330	173,330
Neighborhood economic development	<u>278,991</u>	<u>278,991</u>
 Total program services	 <u>1,516,213</u>	 <u>1,516,213</u>
 <u>Support Services</u>		
Administrative and general	221,684	221,684
Fundraising	<u>85,033</u>	<u>85,033</u>
 Total support services	 <u>306,717</u>	 <u>306,717</u>
 Total expenses	 <u>1,822,930</u>	 <u>1,822,930</u>
 Change in net assets	 (47,860)	 (47,860)
Net assets beginning of year	<u>1,255,501</u>	<u>1,255,501</u>
Net assets at end of year	<u>\$ 1,207,641</u>	<u>1,207,641</u>

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED JUNE 30, 2014

	PROGRAM SERVICES			SUPPORTING SERVICES		
	Business Services	Neighborhood Economic Development	Training	Administrative and general	Fundraising	Total
\$						
Salary	447,291	127,798	63,899	108,334	22,000	130,334
Payroll taxes and fringes	26,425	44,041	17,616	14,934	3,033	17,967
Total Payroll and fringes	473,716	171,839	81,515	123,268	25,033	148,301
Telephone	8,983	2,566	1,283	1,426	0	1,426
Postage	2,386	682	341	379	0	379
Office Supplies	23,015	6,576	3,288	3,653	0	3,653
Occupancy-in-kind	28,000	8,000	4,000	0	0	0
Rent- Space for training	118,653	16,950	33,901	0	0	169,504
Equipment Lease	13,009	3,717	1,859	2,065	0	2,065
Repair and Maintenance	52,621	15,035	7,517	8,353	0	8,353
Temporary Help	0	0	0	6,518	0	6,518
Utilities	59,791	8,542	17,083	0	0	85,416
Meetings/Workshops/Events	41,073	11,735	5,868	0	0	58,676
Contract/Consulting Services	119,524	12,549	6,275	8,400	0	146,748
Marketing and Printing	66,949	19,128	9,564	0	0	95,641
Consultant/Lobbying	0	0	0	0	60,000	60,000
Payroll Service	0	0	0	4,533	0	4,533
Insurance	0	0	0	8,345	0	8,345
Travel	4,447	1,270	635	705	0	7,057
Staff Development/ Training	1,406	402	201	0	0	2,009
Accounting/Audit	0	0	0	40,400	0	40,400
Subscription, fees and dues	0	0	0	13,639	0	13,639
Depreciation	1,766	0	0	0	0	1,766
Business/Econ. development	37,300	0	0	0	0	37,300
Miscellaneous/write off	11,253	0	0	0	0	11,253
\$	1,063,892	278,991	173,330	221,684	85,033	306,717
Total						1,822,930

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (47,860)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,766
Increase in due from government agencies	(47,155)
Decrease in other receivable	16,384
Increase in prepaid expenses	(14,042)
Increase in accounts payables	193
Increase in Security Payables	10,280
Decrease in Accrued Expenses	(2,173)
Net cash increased from operations	(82,607)
BEGINNING CASH AND CASH EQUIVALENTS	1,172,931
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 1,090,324</u>

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014

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 2014, due from government agencies consisted of the following:

US Small Business Administration	\$	89,267
NYC Department of Business Service		62,386
Empire State Entrepreneur Assistance Program		43,017
NYC Community Development Block Grant		9,550
Port Authority of New York and New Jersey		<u>5,000</u>
Total	\$	<u>209,220</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, 2014

- 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 2014 was \$597,879.
- 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 \$40,000 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, 2014 38% of the funding was from such contracts.