

# West Brighton Community Local Development Corporation

Financial Statements  
and  
Supplementary Information

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)



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, 2014 and 2013, 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.

(1)

***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, 2014 and 2013, 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 Kiefer Shall & Sarcone, LLP*

Staten Island, New York

October 7, 2014

# West Brighton Community Local Development Corporation

## Statements of Financial Position June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 128,173	\$ 147,814
Contracts Receivable	316,217	62,759
Other Receivable		2,630
Prepaid Expenses	6,535	1,479
Security Deposit	<u>5,400</u>	<u>5,400</u>
Total Current Assets	<u>456,325</u>	<u>220,082</u>
Fixed Assets:		
Leasehold Improvements and Equipment	8,404	8,404
Less: Accumulated Depreciation	<u>4,337</u>	<u>3,369</u>
Total Fixed Assets	<u>4,067</u>	<u>5,035</u>
Total Assets	<u>\$ 460,392</u>	<u>\$ 225,117</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 142,222	\$ 78,214
Deferred Revenue	3,000	
Contract Payable	<u>13,747</u>	<u>3,216</u>
Total Current Liabilities	<u>158,969</u>	<u>81,430</u>
Net Assets:		
Unrestricted	99,812	116,187
Temporarily Restricted	<u>201,611</u>	<u>27,500</u>
Total Net Assets	<u>301,423</u>	<u>143,687</u>
Total Liabilities and Net Assets	<u>\$ 460,392</u>	<u>\$ 225,117</u>

# West Brighton Community Local Development Corporation

## Statements of Activities for the Years Ended June 30, 2014 and 2013

		<u>2014</u>			<u>2013</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Support and Revenue</u></b>						
<b>Support:</b>						
Grants from Government Agencies	\$ 163,521	\$ 160,133	\$ 323,654	\$ 208,810		\$ 208,810
Grants from the Private Sector	69,289	41,478	110,767	65,040	\$ 27,500	92,540
Net Assets Released from Restriction	27,500	(27,500)				
<b>Total Support</b>	<b>260,310</b>	<b>174,111</b>	<b>434,421</b>	<b>273,850</b>	<b>27,500</b>	<b>301,350</b>
<b>Revenue:</b>						
Management Fee	56,000		56,000	56,000		56,000
Program Income				24,505		24,505
Interest Income	197		197	209		209
Other Income	5,722		5,722	48		48
<b>Total Revenue</b>	<b>61,919</b>		<b>61,919</b>	<b>80,762</b>		<b>80,762</b>
<b>Total Support and Revenue</b>	<b>322,229</b>	<b>174,111</b>	<b>496,340</b>	<b>354,612</b>	<b>27,500</b>	<b>382,112</b>
<b><u>Expenses</u></b>						
Program Services	232,040		232,040	284,883		284,883
Management and General	106,564		106,564	67,639		67,639
<b>Total Expenses</b>	<b>338,604</b>		<b>338,604</b>	<b>352,522</b>		<b>352,522</b>
<b>Total Changes in Net Assets</b>	<b>(16,375)</b>	<b>174,111</b>	<b>157,736</b>	<b>2,090</b>	<b>27,500</b>	<b>29,590</b>
<b>Net Assets, Beginning of Year</b>	<b>116,187</b>	<b>27,500</b>	<b>143,687</b>	<b>114,097</b>		<b>114,097</b>
<b>Net Assets, End of Year</b>	<b>\$ 99,812</b>	<b>\$ 201,611</b>	<b>\$ 301,423</b>	<b>\$ 116,187</b>	<b>\$ 27,500</b>	<b>\$ 143,687</b>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ 157,736	\$ 29,590
Adjustments to Reconcile Changes in Unrestricted Net Assets to Net Cash (Used In) Provided By Operating Activities:		
Depreciation	968	930
(Increase) Decrease in Operating Assets:		
Contracts Receivable	(253,458)	40,881
Other Receivable	2,630	6,620
Prepaid Expense	(5,056)	(21)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	64,008	73,474
Deferred Revenue	3,000	
Contracts Payable	10,531	
Total Adjustments	<u>(177,377)</u>	<u>121,884</u>
Net Cash (Used In) Provided By Operating Activities	<u>(19,641)</u>	<u>151,474</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment		<u>(4,526)</u>
Net Cash Provided By Investing Activities		<u>(4,526)</u>
Cash Flows from Financing Activities		
Overdraft Cash		<u>(608)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(19,641)	146,340
Cash and Cash Equivalents, Beginning of Year	<u>147,814</u>	<u>1,474</u>
Cash and Cash Equivalents, End of Year	<u>\$ 128,173</u>	<u>\$ 147,814</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>

# West Brighton Community Local Development Corporation

Notes to Financial Statements

June 30, 2014 and 2013

## 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, 2014 and 2013

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, 2014 and 2013, 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/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 has not been provided as the amount is not considered material.

### ***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, 2014 and 2013

## ***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 \$1,956 and \$8,733 for the years ended June 30, 2014 and 2013, 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, 2014.

## ***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, 2014 and 2013

### 3. Concentration of Credit Risk

The Corporation maintains its cash balances at several financial institutions in Staten Island, New York. At June 30, 2014 and 2013, accounts were insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000.

The Corporation had no uninsured cash balances at June 30, 2014 and 2013.

### 4. 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, 2014 and expires in March 1, 2015. The Corporation had no outstanding balance at June 30, 2014 and 2013.

### 5. Operating Lease

The Corporation leases various office equipment under operating lease with varying expirations. Lease expense for office equipment was \$3,000 and \$7,235 at June 30, 2014 and 2013, 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 \$38,022 and \$36,462 at June 30, 2014 and 2013, respectively.

As of June 30, 2014, the future minimum lease payments for the equipment and office leases are:

2015	\$35,856
2016	<u>9,274</u>
Total	<u>\$45,130</u>

# West Brighton Community Local Development Corporation

Notes to Financial Statements  
June 30, 2014 and 2013

## 6. 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.

## 7. 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 \$585 and \$4,037 for printing materials from the related party during the year ended June 30, 2014 and 2013, respectively. Additionally, \$2,500 was paid to this board member for consulting services rendered in 2013.

## 8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
NYS BOA Grant	\$149,400	
SBS Tech Grant	10,733	
BOC Network	6,478	
Citi Foundation Green Initiative	<u>35,000</u>	<u>\$27,500</u>
Total	<u>\$201,611</u>	<u>\$27,500</u>

# West Brighton Community Local Development Corporation

## Notes to Financial Statements June 30, 2014 and 2013

### **9. Contingencies**

Government grants require fulfillment of certain basic conditions 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. Subsequent to the financial statement date, an audit of the AveNYC contract for the period July 1, 2011 through June 30, 2012 concluded that \$13,747 was due back to the City. This amount has been recorded as Contract Payable on the Statements of Financial Position.

### **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, 2014.

The Corporation is subject to examinations by Federal and New York State taxing authorities for the years ending June 30, 2011, 2012, and 2013; however, there are currently no examinations for any tax periods in progress.

### **11. Subsequent Events**

The Corporation has evaluated events through October 7, 2014, the date which the financial statements were available to be issued.

As described in Note 9, a contract audit was performed by New York City subsequent to the financial statement date, but before the financial statements were available to be issued. The audit resulted in an amount payable back to the City, which was recognized in the financial statement as a liability.

# West Brighton Community Local Development Corporation

Notes to Financial Statements  
June 30, 2014 and 2013

## **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, 2014 and 2013. Expenses are those that were incurred at June 30, 2014 and 2013.

# **West Brighton Community Local Development Corporation**

## **Supplementary Information**

## West Brighton Community Local Development Corporation

### Statements of Functional Expenses for the Years Ended June 30, 2014 and 2013

	2014			2013		
	Program Expenses	Management and General Expenses	Total Expenses	Program Expenses	Management and General Expenses	Total Expenses
Employee Salaries	\$ 84,376	\$ 51,831	\$ 136,207	\$ 75,695	\$ 32,440	\$ 108,135
Fringe Benefits	10,246	5,919	16,165	7,801	3,343	11,144
Office Supplies Expense	3,953	585	4,538	3,895	1,671	5,566
Postage	103	534	637	1,481	635	2,116
Printing	435	317	752	1,907	817	2,724
Rent	31,680	6,342	38,022	25,523	10,939	36,462
Utilities	2,592	1,349	3,941	2,597	1,113	3,710
Insurance	424	2,936	3,360	2,352	1,008	3,360
Telephone	4,813	2,805	7,618	5,474	2,346	7,820
Equipment Rental and Maintenance	1,930	5,010	6,940	7,007	3,003	10,010
Professional Fees	13,861	13,083	26,944	16,130	6,913	23,043
Conference and Seminars		147	147	343	147	490
Travel	526	480	1,006	465	199	664
Depreciation Expense	678	290	968	651	279	930
Dues and Subscriptions		645	645	133	57	190
Miscellaneous	104	394	498	255	109	364
Contract Refund		13,747	13,747			
Program Related Expenses	74,513		74,513	127,061		127,061
Marketing and Advertising	1,806	150	1,956	6,113	2,620	8,733
<b>Total Expenses</b>	<b><u>\$ 232,040</u></b>	<b><u>\$ 106,564</u></b>	<b><u>\$ 338,604</u></b>	<b><u>\$ 284,883</u></b>	<b><u>\$ 67,639</u></b>	<b><u>\$ 352,522</u></b>

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, 2014

	<u>NYS BOA</u>	<u>2014 NYC Tech Coalition</u>	<u>2013 NYC Tech Coalition</u>	<u>NYC M/WBE</u>	<u>NYC Borough President</u>	<u>NYC Council</u>
Revenue	<u>\$ 69,404</u>	<u>\$ 12,266</u>	<u>\$ 11,023</u>	<u>\$ 43,950</u>	<u>\$ 14,007</u>	<u>\$ 5,500</u>
Employee Salaries		\$ 5,374	\$ 2,496	\$ 23,944	\$ 2,362	\$ 2,900
Fringe Benefits		897		3,506	208	435
Office Supplies Expense		250	1,289	856		
Postage						
Printing						
Rent		1,690	4,457	9,402	1,000	1,800
Utilities		370		1,118	20	
Insurance				225	198	
Telephone		305	1,281	1,424	264	365
Equipment Purchases					1,575	
Equipment Rental and Maintenance				219		
Professional Fees		740		1,450	8,380	
Travel						
Program Related Expenses	\$ 69,404	2,600	1,500	1,806		
Marketing and Advertising						
Total Expenses	<u>\$ 69,404</u>	<u>\$ 12,226</u>	<u>\$ 11,023</u>	<u>\$ 43,950</u>	<u>\$ 14,007</u>	<u>\$ 5,500</u>

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

Contracts Receivable                     \$     87,926

# 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
Insurance						
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			3,062	2,408		
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
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