

QUEENS ECONOMIC
DEVELOPMENT CORPORATION

AUDITED
FINANCIAL STATEMENTS

JUNE 30, 2015

QUEENS ECONOMIC DEVELOPMENT CORPORATION

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Frank Tramontano, Certified Public Accountant

457 – 80th Street
Brooklyn, N.Y. 11209

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, 2015 and the related statements of activities and cash flows for the year ended June 30, 2015. 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, 2015 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 12, 2015

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015

CURRENT ASSETS

Cash and cash equivalent	\$ 1,174,399
Due from government agencies – Note 3	219,088
Other receivable	36,379
Prepaid expenses	14,042
Other Assets	<u>14,855</u>
	\$ 1,458,763

TOTAL CURRENT ASSETS \$ 1,458,763

Leasehold Improvements and Equipment

Leasehold Improvements	9,070
Equipment and Fixtures	8,830
Less: accumulated depreciation	<u>(17,017)</u>
	883

TOTAL ASSETS \$ 1,459,646

LIABILITIES

Accounts Payable	\$ 69,988
Securities Payable	114,362
Accrued Expenses	56,841
Fiscal Conduit	<u>2,500</u>
	243,691

TOTAL LIABILITIES \$ 243,691

NET ASSETS

Unrestricted	1,215,955
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TOTAL NET ASSETS 1,215,955

TOTAL LIABILITIES AND NET ASSETS \$ 1,459,646

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Total</u>
<u>Public Support and Revenue</u>		
Government grants	\$ 620,760	620,760
Grants and contributions	406,340	406,340
Program Revenue and Fees – Note 5	630,036	630,036
In-kind contribution- Note 2 and 6	40,000	40,000
Interest and Other Income	<u>9,212</u>	<u>9,212</u>
Total Public Support and Revenue	<u>\$ 1,706,347</u>	<u>1,706,347</u>
<u>Expenses</u>		
<u>Program services</u>		
Business services	953,424	953,424
Training	157,665	157,665
Neighborhood economic development	<u>251,384</u>	<u>251,384</u>
Total program services	<u>1,362,473</u>	<u>1,362,473</u>
<u>Support Services</u>		
Administrative and general	247,654	247,654
Fundraising	<u>87,927</u>	<u>87,927</u>
Total support services	<u>335,581</u>	<u>335,581</u>
Total expenses	<u>1,698,054</u>	<u>1,698,054</u>
Change in net assets	8,293	8,293
Net assets beginning of year	<u>1,207,662</u>	<u>1,207,662</u>
Net assets at end of year	<u>\$ 1,215,955</u>	<u>1,215,955</u>

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED JUNE 30, 2015
PROGRAM SERVICES

	Neighborhood				SUPPORTING SERVICES				Program and Supporting Services
	Business Services	Training	Economic Development	Total	Administrative and general	Fundraising	Total	Supporting Services	
Salary	\$ 413,039	59,005	118,011	590,055	114,297	24,594	138,891	728,946	
Payroll taxes and fringes	23,991	15,994	39,985	79,970	15,490	3,333	18,823	98,793	
Total Payroll and fringes	437,030	74,999	157,996	670,025	129,787	27,927	157,714	827,739	
Telephone	X 8,539	1,220	2,439	12,198	1,355	0	1,355	13,553	
Postage	X 1,374	196	393	1,963	218	0	218	2,181	
Office Supplies	X 15,822	2,260	4,520	22,602	2,511	0	2,511	25,113	
Occupancy-in-kind	X 28,000	4,000	8,000	40,000	0	0	0	40,000	
Rent- E Space	X 117,953	33,701	16,850	168,504	0	0	0	168,504	
Equipment Lease	X 51,302	7,329	14,657	73,288	8,143	0	8,143	81,431	
Repair and Maintenance	X 9,241	1,320	2,641	13,202	1,467	0	1,467	14,669	
Temporary Help	X 0	0	0	0	16,249	0	16,249	16,249	
Utilities	X 49,915	14,261	7,131	71,307	0	0	0	71,307	
Meetings/Workshops/Events	X 17,161	2,452	4,903	24,516	0	0	0	24,516	
Contract/Consulting	X 86,481	12,354	24,709	123,544	0	0	0	123,544	
Consultant E-Space	X 75,600	0	0	75,600	8,400	0	8,400	84,000	
Marketing and Printing	X 22,158	3,165	6,331	31,654	0	0	0	31,654	
Consultant/Lobbying	X 0	0	0	0	0	60,000	60,000	60,000	
Payroll Service	X 0	0	0	0	4,649	0	4,649	4,649	
Insurance	X 0	0	0	0	15,599	0	15,599	15,599	
Travel	X 2,587	369	739	3,695	411	0	411	4,106	
Staff Development/ Training	X 261	39	75	375	0	0	0	375	
Accounting/Audit	X 0	0	0	0	43,600	0	43,600	43,600	
Subscription, fees and dues	X 0	0	0	0	13,322	0	13,322	13,322	
Depreciation	X 0	0	0	0	1,766	0	1,766	1,766	
Business/Econ. development	X 30,000	0	0	30,000	0	0	0	30,000	
Miscellaneous/write off	X 0	0	0	0	177	0	177	177	
Total	\$ 953,424	157,665	251,384	1,362,473	247,654	87,927	335,581	1,698,054	

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 8,293
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,766
Increase in due from government agencies	(9,868)
Decrease in other receivable	57,485
Increase in accounts payables	14,990
Increase in Security Payables	4,569
Increase in Accrued Expenses	<u>6,840</u>
Net cash increased from operations	84,075

BEGINNING CASH AND CASH EQUIVALENTS **1,090,324**

ENDING CASH AND CASH EQUIVALENTS **\$ 1,174,399**

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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 2015, due from government agencies consisted of the following:

US Small Business Administration	\$	84,084
NYC Department of Business Service		65,771
Empire State Entrepreneur Assistance Program		52,555
NYC Community Development Block Grant		<u>16,698</u>
Total	\$	<u>219,108</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, 2015

- 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, technical assistance and office space rental. Operating revenue generated in 2015 was \$544,853.
- 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, 2015 37% of the funding was from such contracts.