

**West Brighton Community Local
Development Corporation
d/b/a Staten Island
Business Outreach Center**

Financial Statements
and
Supplementary Information

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)



*Navigating the Road
to
Financial Security*

**West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center**

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DeSantis
Kiefer
Shall &
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LLP

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Independent Auditors' Report

Board of Directors
West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center

Report on the Financial Statements

We have audited the accompanying Financial Statements of West Brighton Community Local Development Corporation d/b/a Staten Island Business Outreach Center (a not-for-profit corporation), which comprise the Statements of Financial Position as of June 30, 2015 and 2014, 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.

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West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center

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 d/b/a Staten Island Business Outreach Center as of June 30, 2015 and 2014, 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 6, 2015

**West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center**

Statements of Financial Position
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 180,983	\$ 128,173
Contracts Receivable		
Net of Allowance of \$9,840 and \$44,370	198,093	271,847
Prepaid Expenses	3,127	6,535
Security Deposit	5,400	5,400
	<u>387,603</u>	<u>411,955</u>
Total Current Assets		
Fixed Assets:		
Leasehold Improvements and Equipment	8,404	8,404
Less: Accumulated Depreciation	5,542	4,337
	<u>2,862</u>	<u>4,067</u>
Total Fixed Assets		
	<u>\$ 390,465</u>	<u>\$ 416,022</u>
Total Assets		
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 221,124	\$ 142,222
Deferred Revenue	7,500	3,000
Contract Payable		13,747
	<u>228,624</u>	<u>158,969</u>
Total Current Liabilities		
Net Assets:		
Unrestricted	95,310	99,812
Temporarily Restricted	66,531	157,241
	<u>161,841</u>	<u>257,053</u>
Total Net Assets		
	<u>\$ 390,465</u>	<u>\$ 416,022</u>
Total Liabilities and Net Assets		

**West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center**

Statements of Activities
for the Years Ended June 30, 2015 and 2014

	2015			2014		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>						
Support:						
Grants from Government Agencies	\$ 155,120	\$ 11,980	\$ 167,100	\$ 207,891	\$ 115,763	\$ 323,654
Grants from the Private Sector	33,812	31,688	65,500	69,289	41,478	110,767
Net Assets Released from Restriction	134,378	(134,378)		27,500	(27,500)	
Total Support	323,310	(90,710)	232,600	304,680	129,741	434,421
Revenue:						
Management Fee	56,000		56,000	56,000		56,000
Program Income	10,126		10,126			
Interest Income	559		559	197		197
Other Income	759		759	5,722		5,722
Total Revenue	67,444		67,444	61,919		61,919
Total Support and Revenue	390,754	(90,710)	300,044	366,599	129,741	496,340
<u>Expenses</u>						
Program Services	313,658		313,658	276,410		276,410
Management and General	81,598		81,598	106,564		106,564
Total Expenses	395,256		395,256	382,974		382,974
Total Changes in Net Assets	(4,502)	(90,710)	(95,212)	(16,375)	129,741	113,366
Net Assets, Beginning of Year	99,812	157,241	257,053	116,187	27,500	143,687
Net Assets, End of Year	\$ 95,310	\$ 66,531	\$ 161,841	\$ 99,812	\$ 157,241	\$ 257,053

The Accompanying Notes are an Integral Part of this Statement.

**West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center**

Statements of Cash Flows
for the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ (95,212)	\$ 113,366
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	1,205	968
(Increase) Decrease in Operating Assets:		
Contracts Receivable	73,754	(209,088)
Other Receivable		2,630
Prepaid Expense	3,408	(5,056)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	78,902	64,008
Deferred Revenue	4,500	3,000
Contracts Payable	<u>(13,747)</u>	<u>10,531</u>
Total Adjustments	<u>148,022</u>	<u>(133,007)</u>
Net Cash Provided By (Used In) Operating Activities	<u>52,810</u>	<u>(19,641)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	52,810	(19,641)
Cash and Cash Equivalents, Beginning of Year	<u>128,173</u>	<u>147,814</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 180,983</u></u>	<u><u>\$ 128,173</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
Cash Paid for Income Taxes	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The Accompanying Notes are an Integral Part of this Statement.

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West Brighton Community Local Development Corporation d/b/a Staten Island Business Outreach Center

Notes to Financial Statements
June 30, 2015 and 2014

1. Nature of Activities

The West Brighton Community Local Development Corporation d/b/a Staten Island Business Outreach Center (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 d/b/a Staten Island Business Outreach Center

Notes to Financial Statements June 30, 2015 and 2014

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, 2015 and 2014, 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. The balance of the allowance for doubtful accounts is \$9,840 and \$44,370 at June 30, 2015 and 2014, respectively.

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 d/b/a Staten Island Business Outreach Center

Notes to Financial Statements
June 30, 2015 and 2014

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 \$5,700 and \$1,956 for the years ended June 30, 2015 and 2014, 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, 2015.

Fair Value Measurements

The Corporation reports a fair value measurement for all applicable assets and liabilities (see Note 6) in accordance with applicable accounting standard.

West Brighton Community Local Development Corporation d/b/a Staten Island Business Outreach Center

Notes to Financial Statements
June 30, 2015 and 2014

3. Concentration of Credit Risk

The Corporation maintains its cash balances at several financial institutions in Staten Island, New York. At June 30, 2015 and 2014, 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, 2015 and 2014.

4. Line of Credit

The Corporation maintains a revolving line of credit with Richmond County Saving Bank – NYCB in the amount of \$25,000. For the year ended June 30, 2015, interest on the line of credit was 6% and the line expires on July 1, 2016. The Corporation had no outstanding balance at June 30, 2015 and 2014.

5. Operating Lease

The Corporation leases various pieces of office equipment under operating leases with varying expirations. Lease expense for office equipment was \$3,000 for the fiscal year ended June 30, 2015 and 2014. 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 new lease agreement was signed effective October 1, 2015 through September 30, 2020. 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 \$39,066 and \$38,022 at June 30, 2015 and 2014, respectively.

West Brighton Community Local Development Corporation d/b/a Staten Island Business Outreach Center

Notes to Financial Statements June 30, 2015 and 2014

As of June 30, 2015, the future minimum lease payments for the equipment and office leases are:

<u>June 30,</u>	
2016	\$ 39,523
2017	41,187
2018	42,354
2019	43,548
2020	44,775
Thereafter	<u>11,271</u>
	<u>\$222,658</u>

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 \$271 and \$585 for printing materials from the related party during the year ended June 30, 2015 and 2014, respectively.

**West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center**

Notes to Financial Statements
June 30, 2015 and 2014

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
NYS BOA Grant	\$22,863	\$105,030
SBS Tech Grant	11,980	10,733
BOC Network	6,756	6,478
BOC Prime Grant	2,432	
Citi Foundation	<u>22,500</u>	<u>35,000</u>
Total	<u>\$66,531</u>	<u>\$157,241</u>

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 at June 30, 2014. The balance was paid in fiscal year 2015.

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, 2015.

West Brighton Community Local Development Corporation d/b/a Staten Island Business Outreach Center

Notes to Financial Statements June 30, 2015 and 2014

The Corporation is subject to examinations by Federal and New York State taxing authorities for the years ending June 30, 2012, 2013, and 2014; however, there are currently no examinations for any tax periods in progress.

11. Subsequent Events

The Corporation has evaluated events through October 6, 2015, the date which the financial statements were available to be issued.

12. Prior Period Adjustment

Certain adjustment was required to be made to the prior year financial statements to properly reflect accounts receivable at June 30, 2014.

The adjustment to accounts receivable resulted in the following changes as of June 30, 2014; i) an increase in the allowance for doubtful accounts of \$44,370; ii) an increase in bad debts expense of \$44,370; iii) a decrease of \$44,370 in temporarily restricted net assets.

13. 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, 2015 and 2014. Expenses are those that were incurred at June 30, 2015 and 2014.

**West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center**

Supplementary Information

**West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center**

**Statements of Functional Expenses
for the Years Ended June 30, 2015 and 2014**

	2015			2014		
	<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	\$ 104,836	\$ 44,929	\$ 149,765	\$ 84,376	\$ 51,831	\$ 136,207
Fringe Benefits	10,022	4,295	14,317	10,246	5,919	16,165
Office Supplies Expense	2,465	365	2,830	3,953	585	4,538
Postage	433	185	618	103	534	637
Printing	2,287	980	3,267	435	317	752
Rent	27,346	11,720	39,066	31,680	6,342	38,022
Utilities	2,913	1,249	4,162	2,592	1,349	3,941
Insurance	2,245	962	3,207	424	2,936	3,360
Telephone	4,244	1,819	6,063	4,813	2,805	7,618
Equipment Rental and Maintenance	3,382	1,449	4,831	1,930	5,010	6,940
Professional Fees	27,300	11,700	39,000	13,861	13,083	26,944
Conference and Seminars	230	99	329		147	147
Travel	594	254	848	526	480	1,006
Depreciation Expense	844	361	1,205	678	290	968
Dues and Subscriptions	609	261	870		645	645
Miscellaneous	1,563	670	2,233	104	394	498
Contract Refund					13,747	13,747
Program Related Expenses	116,945		116,945	74,513		74,513
Marketing and Advertising	5,400	300	5,700	1,806	150	1,956
Bad Debts				44,370		44,370
Total Expenses	\$ 313,658	\$ 81,598	\$ 395,256	\$ 276,410	\$ 106,564	\$ 382,974

The Accompanying Notes are an Integral Part of this Statement.

**West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center**

Schedule of Activities by Source
for the Year Ended June 30, 2015

	<u>NYS BOA</u>	<u>2015 NYC Tech Coalition</u>	<u>2014 NYC Tech Coalition</u>	<u>NYC M/WBE</u>	<u>NYC Borough President</u>	<u>NYC Council</u>
Revenue	<u>\$ 82,167</u>	<u>\$ 11,020</u>	<u>\$ 10,733</u>	<u>\$ 68,600</u>	<u>\$ 20,000</u>	<u>\$ 28,000</u>
Employee Salaries	\$ 6,165	\$ 4,843	\$ 5,557	\$ 38,451		\$ 8,126
Fringe Benefits	498	847	974	4,408		1,179
Office Supplies Expense		279	66	660		112
Postage						
Printing						957
Rent		1,500	1,500	11,278	915	1,594
Utilities		343	431	1,052	10	190
Insurance				360	101	13
Telephone		388	245	1,493	178	234
Equipment Purchases						
Equipment Rental and Maintenance				742	101	24
Professional Fees	6,125	1,220	600	8,350	8,695	420
Travel	4					
Program Related Expenses	69,375	1,600	1,360		10,000	12,175
Marketing and Advertising				<u>1,806</u>		<u>2,976</u>
 Total Expenses	 <u>\$ 82,167</u>	 <u>\$ 11,020</u>	 <u>\$ 10,733</u>	 <u>\$ 68,600</u>	 <u>\$ 20,000</u>	 <u>\$ 28,000</u>

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

Contracts Receivable \$ 127,340

**West Brighton Community Local Development Corporation
d/b/a Staten Island Business Outreach Center**

**Schedule of Activities by Source
for the Years 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		289	1,289	856		
Postage						
Printing						
Rent		1,690	4,457	9,402	1,000	1,800
Utilities		371		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>\$ 12,266</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