

**FINANCIAL STATEMENTS
OF
BRIGHTON BEACH DISTRICT
MANAGEMENT ASSOCIATION, INC.
JUNE 30, 2024 AND 2023**

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Brighton Beach District Management Association, Inc.

We have audited the accompanying financial statements of Brighton Beach District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brighton Beach District Management Association, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brighton Beach District Management Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brighton Beach District Management Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

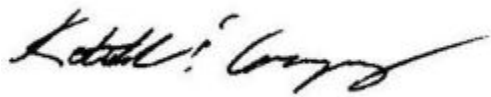
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bright Beach District Management Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bright Beach District Management Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Kotulak & Company, CPA, P.C.

Clifton, New Jersey
November 26, 2024

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 84,869	\$ 98,287
Right of use asset - operating lease	3,718	19,364
Other current assets	<u>2,548</u>	<u>8,698</u>
Total Assets	<u><u>\$ 91,135</u></u>	<u><u>\$ 126,349</u></u>
LIABILITIES		
Accounts payable	13,458	13,100
Lease liability	3,844	19,532
Payroll taxes payable	<u>1,995</u>	<u>2,683</u>
Total Liabilities	<u><u>19,297</u></u>	<u><u>35,315</u></u>
Net assets without donor restrictions	71,838	91,034
Net assets with donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u><u>71,838</u></u>	<u><u>91,034</u></u>
Total Liabilities and Net Assets	<u><u>\$ 91,135</u></u>	<u><u>\$ 126,349</u></u>

See Independent Auditors' report and notes to financial statements.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITHOUT DONOR RESTRICTIONS</u>
<u>REVENUES AND OTHER SUPPORT:</u>		
Assessment revenue	\$ 220,000	\$ 220,000
Grant revenue (Discretionary fund)	56,250	56,250
Contributions - cash	-	1,597
Contributions - non cash	-	2,700
	<hr/>	<hr/>
Total Unrestricted Revenue and Support	276,250	280,547
	<hr/>	<hr/>
<u>EXPENSES:</u>		
Program services	233,263	275,242
Management and general	62,183	61,179
	<hr/>	<hr/>
Total Expenses	295,446	336,421
	<hr/>	<hr/>
Increase (Decrease) in Net Assets	(19,196)	(55,874)
	<hr/>	<hr/>
Net Assets at Beginning of Year	91,034	146,908
	<hr/>	<hr/>
Net Assets at End of Year	\$ 71,838	\$ 91,034
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See Independent Auditors' report and notes to financial statements.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Increase (Decrease) In Net Assets	\$ (19,196)	\$ (55,874)
Adjustments To Reconcile Change In Net Assets To Net Cash Provided (Used) By Operating Activities:		
Decrease (Increase) in :		
Right of use asset	15,646	(19,364)
Other Current Assets	6,150	(7,978)
Increase (Decrease) in:		
Accounts Payable	358	240
Lease liability	(15,688)	19,532
Payroll Taxes Payable	<u>(688)</u>	<u>1,038</u>
Net Cash Provided (Used) By Operating Activities	(13,418)	(62,406)
Cash Flows From Investing Activities	-	-
Cash Flows From Financing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	(13,418)	(62,406)
Cash and Cash Equivalents at Beginning of Year	<u>98,287</u>	<u>160,693</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 84,869</u></u>	<u><u>\$ 98,287</u></u>

See Independent Auditors' report and notes to financial statements.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>			<u>2023</u>		
	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTALS	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTALS
Advertising and promotion	\$ 55,250	\$ -	\$ 55,250	\$ 47,965	\$ -	\$ 47,965
Holiday lighting	-	-	-	38,745	-	38,745
Banners	12,500	-	12,500	-	-	-
Graffiti removal and maintenance	6,200	-	6,200	21,800	-	21,800
Meetings	3,824	-	3,824	446	-	446
Sanitation	99,048	-	99,048	107,450	-	107,450
Director's salary	32,724	32,724	65,448	33,907	33,907	67,814
Payroll taxes	2,520	2,519	5,039	2,578	2,577	5,155
Health reimbursement	3,384	3,384	6,768	3,384	3,384	6,768
Professional fees	-	6,200	6,200	-	6,200	6,200
Website expense	-	3,450	3,450	-	-	-
Office expense	-	2,837	2,837	-	5,531	5,531
Printing expenses	50	-	50	100	-	100
Postage and delivery	215	-	215	116	-	116
Workshops	-	300	300	-	-	-
Travel and entertainment	-	40	40	-	360	360
Telephone	859	858	1,717	1,286	1,285	2,571
Outside help	740	-	740	1,215	-	1,215
Special events	6,258	-	6,258	8,314	-	8,314
Bank charges	-	181	181	-	-	-
Insurance	1,165	1,164	2,329	1,002	1,001	2,003
Lease expense	8,526	8,526	17,052	6,934	6,934	13,868
Total Expenses	<u>\$ 233,263</u>	<u>\$ 62,183</u>	<u>\$ 295,446</u>	<u>\$ 275,242</u>	<u>\$ 61,179</u>	<u>\$ 336,421</u>

See Independent Auditors' report and notes to financial statements.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 1 – Organization

The Association

Brighton Beach District Management Association, Inc., ("the Association"), a not-for-profit organization, was incorporated in the State of New York on September 30, 1987, established under Local Law Number 2 of 1982 of the City of New York ("the City"). The purpose of the establishment of the Association was to provide supplemental services (described in the following paragraph) in the business improvement district in which it was created. The Association primarily receives its support from a special assessment on commercial properties located in the business improvement district of the Association, levied by the City of New York as part of the real estate taxes.

Operations

The Association was created to provide the following services in the business improvement district in which it was created: maintenance of sidewalks and gutters, cleaning and repair, promotion of commercial and retail opportunities within the business district, holiday lighting and decorations, and other related services.

Note 2 – Summary of Significant Accounting Policies

Basis of Financial Statements

The Association maintains its accounting books of account on the accrual basis of accounting.

Adoption of Accounting Standards

In accordance with Generally Accepted Accounting Standards, contributions received are recorded as restricted or unrestricted support, depending on the existence and/or nature of any donor restrictions.

The Association also is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets and restricted net assets. All of the Association's assets are unrestricted as of June 30, 2024.

Unrestricted net assets are the portions of net assets of a not-for-profit organization that are not restricted by donor or board-imposed stipulations.

Restricted net assets are the portions of the net assets of a not-for profit organization resulting from contributions and other inflows of assets the use of which is limited by donor or board-imposed stipulations.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Generally Accepted Accounting Standards also requires segregation of expenses by functional classification, as follows: program services, management and general, and fundraising. During the years ended June 30, 2024 and 2023, the Association did not incur expenses allocable to fundraising activities.

Income Taxes

Income taxes are not provided for in the financial statements since the Association exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), and the Association has been determined not to be a private foundation within the meaning of Internal Revenue Code Section 509(a).

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments available for current use with an initial maturity of three months or less to be cash equivalents.

Assessment

The City awards the Association an annual assessment amount, which is recorded by the Association when awarded by the City. The City has the responsibility to bill and collect assessment fees from the various members and only remits to the Association the awarded amount regardless of the collection of assessments. An allowance for doubtful accounts is not provided because any payments awarded by the City, but not disbursed as of fiscal year end, are due to the Association.

Contributed Services

During the years ended June 30, 2024 and 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material.

Functional Expenses

The Association classifies expenses not directly related to the provision of program services as management and general expenses. The costs of providing the program and other activities have been summarized on a functional basis. See note nine for allocation of joint costs.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

The costs to advertise the Association's programs are expensed as incurred. Advertising and promotion expenses for the years ended June 30, 2024 and 2023, were \$55,250 and \$47,965, respectively.

Property and Equipment

The Association records property and equipment at cost depreciated over their useful lives. Repairs that do not materially extend the lives of assets are expensed as incurred. Purchases of equipment of \$1,000 or more and having a useful life greater than one year are capitalized.

Note 3 – Property and Equipment

The details of the equipment are as follows:

	<u>2024</u>	<u>2023</u>
Cost	\$7,266	\$7,266
Less: Accumulated Depreciation	<u>7,266</u>	<u>7,266</u>
Net Property and Equipment	<u>\$ -</u>	<u>\$ -</u>

Note 4 – Related Party

The Association's office space was provided free of charge along with the associated charge for utilities, by a bank which currently owns the building during the year ended June 30, 2023. The fair market value of the rent and the applicable utility charges has been recorded as a non-cash contribution at \$2,700 for the fiscal year ending June 30, 2023. The bank is a member of the Business Improvement District (BID) and has paid all its obligations on time. The Association, however, did not have a written agreement to substantiate the free use of the premises. See Note 7 for further information.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 5 – Concentrations

Substantially all of the Association's revenue and accounts receivables are derived from assessments levied and collected by the City of New York on behalf of the Association from properties located in Brighton Beach, Brooklyn, New York.

Note 6 – Taxes

The Association is a non-profit company registered under section 501 (c) (3) of the Internal Revenue code. As such, there is no provision for income taxes. This includes management asserting that the Association did not have any unrelated business taxable income during the year and has not entered into any activities which would violate its tax exemption. Professional standards require disclosure of uncertain tax positions. The Association believes it has not taken any tax position that does not meet the standard of more likely than not to be supported upon Internal Revenue Service audit. Returns for the years ended June 30, 2022, 2023, and 2024 remain subject to audit.

Note 7 – Commitments

The Association adopted ASC 842 for its office space lease as of July 1, 2022. Under the new standard, the Association recorded its office space as a right to use asset, and its obligation under the lease as a lease liability. The Association uses a discount rate of 8% to amortize the right to use asset, which is the average prime rate over the previous fiscal year plus two basis points.

During the year ended June 30, 2023, the Association relocated their office space discussed in Note 4 and entered into a lease of office space at 130 Brighton Beach Avenue, Brooklyn, NY.

The future scheduled minimum annual office lease commitments for the Brooklyn office are as follow:

Years ending June 30,	
2025	5,768
2026	-
2027	-
2028	-
2029 and thereafter	<u>-</u>
Totals	<u>\$ 5,768</u>

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 8 – Allocation of Joint Costs

The Association conducted activities that included program services along with management and general components. Those activities included planning and managing various special events held during the year as well as managing budgets in relation to funding provided by the City of New York. Joint costs for salaries, payroll taxes, and health reimbursement are allocated based upon salaries. Salaries are allocated based upon time and effort between program and management and general duties. Costs for office rent and insurance are allocated based on square footage dedicated to program and management activities. Joint costs for telephone expense are based on managements' estimates of their contributions to each functional area.

Note 9 – Liquidity

The following reflects the Association's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date:

Cash and cash equivalents	<u>\$ 84,869</u>
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Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 84,869</u>
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The Association believes that the financial assets available to meet the cash needs for general expenditures is more than enough given the total liabilities of \$19,297 at year end.

Note 10 – Subsequent Events

Subsequent events have been reviewed through November 26, 2024, which is the financial statement issuance date.