

**FINANCIAL STATEMENTS
OF
BRIGHTON BEACH DISTRICT
MANAGEMENT ASSOCIATION, INC.
JUNE 30, 2020 AND 2019**

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
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JUNE 30, 2020 AND 2019

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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, 2020 and 2019, and the related statements of activities, functional expenses, 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

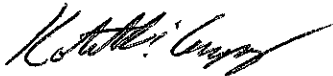
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 auditors' 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.

Opinion

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, 2020 and 2019, 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.



Kotulak & Company, CPA, P.C.

Clifton, New Jersey
December 9, 2020

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 188,229	\$ 155,765
Other Current Assets	1,276	9,127
Grant Receivable	-	45,190
Property and Equipment, net of Accumulated Depreciation	-	-
Total Assets	<u>\$ 189,505</u>	<u>\$ 210,082</u>
LIABILITIES		
Accounts Payable	8,976	5,946
Payroll Taxes Payable	1,703	1,703
Total Liabilities	<u>10,679</u>	<u>7,649</u>
Net Assets Without Donor Restrictions	178,826	202,433
Net Assets With Donor Restrictions	-	-
Total Net Assets	<u>178,826</u>	<u>202,433</u>
Total Liabilities and Net Assets	<u>\$ 189,505</u>	<u>\$ 210,082</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, 2020 AND 2019

	<u>2020</u>	<u>2019</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)	-	40,290
Contributions - Cash	-	2,000
Contributions - Non Cash	8,100	8,100
	<hr/>	<hr/>
Total Unrestricted Revenue and Support	228,100	270,390
	<hr/>	<hr/>
<u>EXPENSES:</u>		
Program services	201,100	189,753
Management and General	50,607	49,858
	<hr/>	<hr/>
Total Expenses	251,707	239,611
	<hr/>	<hr/>
Increase in Net Assets	(23,607)	30,779
Net Assets at Beginning of Year	202,433	171,654
	<hr/>	<hr/>
Net Assets at End of Year	\$ 178,826	\$ 202,433
	<hr/> <hr/>	<hr/> <hr/>

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Increase In Net Assets	\$ (23,607)	\$ 30,779
Adjustments To Reconcile Change In Net Assets To Net Cash Provided By Operating Activities:		
Decrease (Increase) in :		
Grant Receivable	45,190	(14,470)
Other Current Assets	7,851	(7,434)
Increase (Decrease) in:		
Accounts Payable	3,030	1,246
Payroll Taxes Payable	-	(262)
	<hr/>	<hr/>
Net Cash Provided By Operating Activities	32,464	9,859
Cash Flows From Investing Activities	-	-
Cash Flows From Financing Activities	-	-
	<hr/>	<hr/>
Net Increase in Cash	32,464	9,859
Cash and Cash Equivalents at Beginning of Year	<hr/> 155,765	<hr/> 145,906
Cash and Cash Equivalents at End of Year	<hr/> <u>\$ 188,229</u>	<hr/> <u>\$ 155,765</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, 2020 AND 2019

	<u>2020</u>			<u>2019</u>		
	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTALS	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTALS
Advertising and promotion	\$ 26,674	\$ -	\$ 26,674	\$ 12,726	\$ -	\$ 12,726
Holiday lighting	38,475	-	38,475	28,188	-	28,188
Graffiti removal and maintenance	5,750	-	5,750	7,700	-	7,700
Meetings	-	-	-	3,118	-	3,118
Sanitation	87,210	-	87,210	89,261	-	89,261
Licenses and permits	280	-	280	1,575	-	1,575
Director's salary	29,048	29,048	58,096	28,885	28,885	57,770
Staff Salary	-	1,647	1,647	-	707	707
Payroll taxes	2,270	2,270	4,539	2,216	2,216	4,432
Health reimbursement	3,384	3,384	6,768	3,384	3,384	6,768
Professional fees	-	5,800	5,800	-	5,800	5,800
Office expense	-	505	505	-	1,600	1,600
Printing expenses	440	-	440	169	-	169
Postage and delivery	218	-	218	453	-	453
Workshops	-	540	540	-	725	725
Travel and entertainment	-	768	768	-	56	56
Telephone	1,228	1,228	2,456	1,402	1,402	2,804
Outside help	-	-	-	738	-	738
Special events	705	-	705	4,855	-	4,855
Insurance	1,368	1,367	2,735	1,033	1,033	2,066
Rent	4,050	4,050	8,100	4,050	4,050	8,100
Total Expenses	\$ 201,100	\$ 50,607	\$ 251,707	\$ 189,753	\$ 49,858	\$ 239,611

See Independent Auditors' report and notes to financial statements.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020.

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, 2020 AND 2019

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, 2020 and 2019, 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, 2020 and 2019, 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 9 for allocation of joint costs.

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.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Advertising Costs

The costs to advertise the Organization's programs are expenses as incurred. Advertising and promotion expense for the year ended June 30, 2020, was \$26,674.

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>2020</u>	<u>2019</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 is provided free of charge along with the associated charge for utilities, by a bank, which currently owns the building. The fair market value of the rent and the applicable utility charges has been recorded as a non-cash contribution at \$8,100 for the fiscal year ending June 30, 2020. The bank is a member of the Business Improvement District (BID) and has paid on time all its obligations. The Association, however, does not have a written agreement to substantiate the free use of the premises. See Note 8 for further information.

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.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 6 – Taxes

The Organization is a non-profit company registered under the section 501 (c) (3) of the Internal Revenue code. As such, there is no provision for income taxes. This includes management asserting that the Organization 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 Organization 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, 2018, 2019, and 2020 remain subject to audit.

Note 7 – Contingency

The Association's office space discussed in Note 4 could potentially need to be relocated in the future. The building in which the bank exists has been sold. There is no current lease and as such, the new owner may request that the bank vacate. This would in turn cause the Association to have to find new office space sometime in the future. As the timing of this move and subsequent costs to be incurred are unknown, no accrual has been made as of June 30, 2020.

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>\$188,229</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$188,229</u>

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 \$10,679 at year end.

BRIGHTON BEACH DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 10 – Subsequent Events

Subsequent events have been reviewed through December 9, 2020, which is the financial statement issuance date.