

**CHURCH AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

*Financial Statements
June 30, 2020 and 2019*

**CHURCH AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

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June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Church Avenue District
Management Association, Inc.
New York, New York

We have audited the accompanying financial statements of Church Avenue 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.

Auditors' 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Church Avenue 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.



RAICH ENDE MALTER & CO. LLP
New York, New York
December 18, 2020

**CHURCH AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

Statements of Financial Position

	<i>June 30,</i>	
	<u>2020</u>	<u>2019</u>
ASSETS		
<i>Current Assets</i>		
Cash	\$ 73,723	\$ 80,047
Certificate of deposit	21,990	21,766
Grants receivable	3,811	-
Prepaid expenses	1,823	1,836
	<u>101,347</u>	<u>103,649</u>
 <i>Property and Equipment</i>		
Furniture and equipment	4,880	4,880
Less: Accumulated depreciation	4,880	4,880
	<u>-</u>	<u>-</u>
 Total Assets	 \$ 101,347	 \$ 103,649
 LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accrued expenses	\$ 18,867	\$ 8,454
 <i>Other Liabilities</i>		
Due to CAMBA, Inc.	24,101	26,772
 Total Liabilities	 42,968	 35,226
 Net Assets - without donor restrictions	 <u>58,379</u>	 <u>68,423</u>
 Total Liabilities and Net Assets	 \$ 101,347	 \$ 103,649

**CHURCH AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

Statements of Activities

	<i>For the Years Ended June 30,</i>	
	<u>2020</u>	<u>2019</u>
<i>Revenue without donor restrictions</i>		
Grants - NYC Assessments	\$ 203,000	\$ 203,000
Grants - other	5,490	-
Advertising	6,375	10,415
Other	6,900	3,500
Interest	282	76
Total revenue without donor restrictions	<u>222,047</u>	<u>216,991</u>
<i>Expenses without donor restrictions</i>		
<i>Program services:</i>		
Business Improvement District	166,627	165,847
<i>Supporting services:</i>		
Management and general	65,464	61,886
Total expenses without donor restrictions	<u>232,091</u>	<u>227,733</u>
<i>Changes in Net Assets</i>	(10,044)	(10,742)
<i>Net Assets</i> - without donor restrictions - beginning	<u>68,423</u>	<u>79,165</u>
<i>Net Assets</i> - without donor restrictions - end	<u>\$ 58,379</u>	<u>\$ 68,423</u>

**CHURCH AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

Statements of Functional Expenses

	<i>For the Years Ended June 30,</i>					
	2020			2019		
	<i>Program Services</i>	<i>Supporting Services</i>		<i>Program Services</i>	<i>Supporting Services</i>	
	<i>Business Improvement District</i>	<i>Management and General</i>	<i>Total</i>	<i>Business Improvement District</i>	<i>Management and General</i>	<i>Total</i>
Employees' compensation	\$ 43,593	\$ 21,471	\$ 65,064	\$ 42,440	\$ 21,221	\$ 63,661
Payroll taxes and benefits	15,992	7,877	23,869	15,641	7,821	23,462
	<u>59,585</u>	<u>29,348</u>	<u>88,933</u>	<u>58,081</u>	<u>29,042</u>	<u>87,123</u>
Maintenance and sanitation	65,067	-	65,067	65,349	-	65,349
Operating costs	-	32,601	32,601	-	28,835	28,835
Holiday lighting	13,925	-	13,925	10,875	-	10,875
Office	3,375	-	3,375	3,131	-	3,131
Promotion	6,554	-	6,554	5,920	-	5,920
Consultants	3,883	-	3,883	8,239	-	8,239
Director's and officers' insurance	-	2,515	2,515	-	2,521	2,521
Payroll processing	-	1,000	1,000	-	1,000	1,000
Annual marketing project	11,100	-	11,100	11,175	-	11,175
Depreciation	-	-	-	-	488	488
Miscellaneous	3,138	-	3,138	3,077	-	3,077
	<u>\$ 166,627</u>	<u>\$ 65,464</u>	<u>\$ 232,091</u>	<u>\$ 165,847</u>	<u>\$ 61,886</u>	<u>\$ 227,733</u>

See notes to financial statements.

**CHURCH AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

Statements of Cash Flows

	<i>For the Years Ended June 30,</i>	
	<u>2020</u>	<u>2019</u>
<i>Cash Flows from Operating Activities</i>		
Changes in net assets	\$ (10,044)	\$ (10,742)
Adjustments to reconcile changes in net assets to net cash (used in) operating activities:		
Depreciation	-	488
<i>(Increase) decrease in operating assets:</i>		
Grants receivable	(3,811)	5,310
Prepaid expenses	13	-
<i>Increase (decrease) in operating liabilities:</i>		
Accrued expenses	10,413	3,094
Due to CAMBA, Inc.	(2,671)	(401)
	<u>(6,100)</u>	<u>(2,251)</u>
<i>Cash Flows from Investing Activities</i>		
Certificate of deposit	<u>(224)</u>	<u>(5)</u>
<i>Net (Decreases) in Cash</i>	(6,324)	(2,256)
<i>Cash - beginning</i>	<u>80,047</u>	<u>82,303</u>
<i>Cash - end</i>	<u>\$ 73,723</u>	<u>\$ 80,047</u>

CHURCH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Notes to Financial Statements
June 30, 2020 and 2019

1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Nature of Activities** - Church Avenue District Management Association, Inc., (“CADMA” or the “Organization”) was formed in 1983 under the New York not-for-profit corporation law for the purposes of enhancing the Church Avenue commercial district for businesses, residents, and shoppers by making the area cleaner and safer by promoting the neighborhood as a shopping destination; and by providing development resources to Church Avenue merchants and property owners. CADMA contracts with the New York City Department of Small Business Services to provide and oversee the operation and maintenance of improvements in the described area.
- b. **Basis of Accounting and Presentation** - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:
 - **Net assets without donor restrictions** - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.
 - **Net assets with donor restrictions** - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization over the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity. At June 30, 2020 and 2019, there were no net assets with donor restrictions.
- c. **Use of Estimates** - The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.
- d. **Revenue Recognition** - The Organization early adopted Accounting Standards Codification (“ASC”) 606 - Revenue from Contracts with Customers (“ASC 606”) as of July 1, 2019 using the modified retrospective method. This method allows the Organization to apply ASC 606 to new contracts entered into after June 30, 2019, and to its existing contracts for which revenue earned through June 30, 2019 has been recognized under the guidance in effect prior to the adoption of ASC 606. The revenue recognition processes the Organization applied prior to adoption of ASC 606 align with the recognition and measurement guidance of the new standard, therefore adoption of ASC 606 did not require a cumulative adjustment to opening net assets.

Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied, and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Organization expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Organization determines are within the scope of ASC 606, the Organization performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Organization satisfies each performance obligation.

Grants - The Organization adopted ASU 2018-08 – Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made as of July 1, 2019 using the modified retrospective method. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The process the Organization applied prior to ASU 2018-08 aligns with the revenue recognition and measurement guidance of the new standard and therefore adoption of ASU 2018-08 did not require a cumulative adjustment to opening net assets.

Government grant awards are conditional and classified as refundable advances until expended for the purposes of the grants. Grants revenue is recognized as the expenses are incurred.

Grants - NYC Assessments - CADMA receives all its assessment revenue from a special real property tax levy on community businesses, which is collected by the New York City Department of Revenue which is then remitted to CADMA in the form of a grant.

Advertising Revenue - CADMA receives funds from local businesses for advertising in their annual wall calendar which promotes the Church Avenue commercial district as a shopping destination. Advertising revenue is recognized as the ads are run.

- e. **Fair Value Measurements** - The Organization accounts for its investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price), as opposed to the price that would be paid to acquire the asset or received to assume the liability at the measurement date (an entry price). A three-level hierarchy was established that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Certificates of Deposit - Valued at unamortized costs plus accrued interest.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting dates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020 and 2019:

June 30, 2020	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 21,990	\$ -	\$ -	\$ 21,990
June 30, 2019	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 21,766	\$ -	\$ -	\$ 21,766

- f. **Property and Equipment** - Furniture and equipment are carried at cost. Depreciation is computed on the straight-line method over the estimated useful lives of five years for furniture and equipment.
- g. **Cash and Cash Equivalents** - CADMA considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2020 and 2019, CADMA had no cash equivalents.
- h. **Functional Allocation of Expenses** - The costs of program and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, as necessary, certain costs are allocated among program and supporting services based on management's estimate of the service provided.
- i. **Income Taxes** - CADMA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

CADMA may recognize the tax benefit from an uncertain tax position, including its tax-exempt status, only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities at June 30, 2020 and CADMA does not expect this to change significantly over the next twelve months.

CADMA files its Form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction and a NYS CHAR 500 in the Office of the State's Attorney General for the State of New York annually.

2 - LIQUIDITY AND AVAILABILITY

At June 30, 2020 and 2019, the Organization had cash of \$73,723 and \$80,047, respectively, available to meet cash needs for general expenditures within one year of the statement of financial position. These financial assets are available for general expenditure and have no donor or other restrictions limiting their use.

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

At June 30, 2020 and 2019, the Organization had a certificate of deposit of \$21,990 and \$21,766, respectively, that matures within seven months of year end and could be used in the event of an unanticipated liquidity need.

3 - SERVICE PROVIDER

CAMBA, Inc. ("CAMBA"), an unrelated third party, provides CADMA with office space in New York, New York, professional fees, certain insurance costs, computer usage, personnel, and other services pursuant to a month-to-month agreement. During the years ended June 30, 2020 and 2019, CADMA incurred \$122,534 and \$116,958, respectively, for these services. These amounts include payments made to CAMBA to its defined contribution plan for \$5,967 and \$6,435 for the years ended June 30, 2020 and 2019, respectively.

The amount due to CAMBA, Inc. at June 30, 2020 and 2019 was \$24,101 and \$26,772, respectively. The Organization makes payments as it has cash available, there are no set repayment terms and the amounts do not bear interest.

4 - COMMITMENTS AND CONTINGENCIES

The Organization has an agreement with a company to provide monthly maintenance services. The maintenance services are payable monthly, based upon an hourly billing rate through July 2021. For the years ended June 30, 2020 and 2019, the related maintenance fees amounted to \$65,067 and \$65,349, respectively.

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. At this time, management is unable to quantify its potential effects on the operations and financial performance of the Organization.

5 - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 18, 2020, which is the date that the financial statements were available to be issued.