

**Church Avenue
District Management Association, Inc.**

Financial Statements

**Years Ended
June 30, 2021 and 2020**

Church Avenue District Management Association, Inc.

June 30, 2021 and 2020

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Independent Auditor's Report

**The Board of Directors
Church Avenue District Management Association, Inc.
Brooklyn, New York**

Report on the Financial Statements

We have audited the accompanying statement of financial position of the Church Avenue District Management Association, Inc. (a not-for-profit organization), as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year 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 audit. We conducted our audit 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 in the first paragraph present fairly, in all material respects, the financial position of the Church Avenue District Management Association, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Church Avenue District Management Association, Inc. as of June 30, 2020, were audited by other auditors whose report dated December 18, 2020 expressed an unmodified opinion on those statements.

Cipriani & Bauer

Cipriani & Bauer Certified Public Accountants, LLC
Brooklyn, New York
December 10, 2021

Church Avenue District Management Association, Inc.
(a not-for-profit organization)
Statements of Financial Position
June 30, 2021 and 2020

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 175,542	\$ 73,724
Certificate of deposit	21,990	21,990
Accounts receivable	9,521	3,811
Prepaid expenses	1,911	1,823
Total Current Assets:	<u>208,964</u>	<u>101,348</u>
Depreciable Property:		
Depreciable property	4,880	4,880
Accumulated depreciation	(4,880)	(4,880)
Net Depreciable Property	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 208,964</u>	<u>\$ 101,348</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,676	\$ 18,867
Prepaid assessment	101,500	-
Due to CAMBA, Inc.	31,850	24,101
Total Liabilities	<u>139,026</u>	<u>42,968</u>
Net Assets:		
Without donor restrictions	69,938	58,380
With donor restrictions	-	-
Total Net Assets	<u>69,938</u>	<u>58,380</u>
Total Liabilities and Net Assets	<u>\$ 208,964</u>	<u>\$ 101,348</u>

See accompanying notes to financial statements

Church Avenue District Management Association, Inc.
(a not-for-profit organization)
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total for the Year Ended <u>June 30, 2021</u>	Total for the Year Ended <u>June 30, 2020</u>
Support and Revenue:				
Assessment revenue	\$ 203,000	\$ -	\$ 203,000	\$ 203,000
Grants and contributions	5,490	-	5,490	12,390
Other income	2,750	-	2,750	6,375
Interest income	55	-	55	282
Total Support and Revenue	<u>211,295</u>	<u>-</u>	<u>211,295</u>	<u>222,047</u>
Expenses:				
Program services	119,386	-	119,386	130,012
Management and general	80,351	-	80,351	102,079
Total Expenses	<u>199,737</u>	<u>-</u>	<u>199,737</u>	<u>232,090</u>
Changes in Net Assets	11,558	-	11,558	(10,043)
Net Assets - Beginning	<u>58,380</u>	<u>-</u>	<u>58,380</u>	<u>68,423</u>
Net Assets - Ending	<u>\$ 69,938</u>	<u>\$ -</u>	<u>\$ 69,938</u>	<u>\$ 58,380</u>

See accompanying notes to financial statements

Church Avenue District Management Association, Inc.
(a not-for-profit organization)
Statements of Functional Expenses
For the Year Ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)

	Program Services			Support Services		Total for the Year Ended June 30, 2021	Total for the Year Ended June 30, 2020
	Street Beautification and Maintenance	Marketing and Promotion	Total Program Services	Management and General			
Expenses:							
Sanitation	\$ 42,215	\$ -	\$ 42,215	\$ -	\$ 42,215	\$ 65,067	
Holiday lighting	-	11,425	11,425	-	11,425	13,925	
Advertising, marketing and promotion	-	10,455	10,455	-	10,455	6,554	
Payroll, payroll taxes and benefits	-	43,981	43,981	43,981	87,962	88,933	
Administrative expenses	-	11,310	11,310	11,310	22,619	32,601	
Rent	-	-	-	6,184	6,184	-	
Professional fees	-	-	-	7,094	7,094	14,983	
Payroll processing	-	-	-	1,000	1,000	1,000	
Insurance	-	-	-	6,558	6,558	2,515	
Supplies and materials	-	-	-	824	824	-	
Office supplies and expenses	-	-	-	622	622	3,138	
Telephone and internet	-	-	-	600	600	-	
Printing and publications	-	-	-	1,415	1,415	3,375	
Postage	-	-	-	152	152	-	
Dues, permits and filing fees	-	-	-	611	611	-	
Total Expenses:	\$ 42,215	\$ 77,171	\$ 119,386	\$ 80,351	\$ 199,737	\$ 232,090	

See accompanying notes to financial statements

Church Avenue District Management Association, Inc.
(a not-for-profit organization)
Statement of Functional Expenses
For the Year Ended June 30, 2020

	<u>Program Services</u>			<u>Support Services</u>	<u>Total for the Year Ended June 30, 2020</u>
	<u>Street Beautification and Maintenance</u>	<u>Marketing and Promotion</u>	<u>Total Program Services</u>	<u>Management and General</u>	
Expenses:					
Sanitation	\$ 65,067	\$ -	\$ 65,067	\$ -	\$ 65,067
Holiday lighting	-	13,925	13,925	-	13,925
Advertising, marketing and promotion	-	6,554	6,554	-	6,554
Payroll, PR taxes, and fringe benefits	-	44,467	44,467	44,467	88,933
Rent	-	-	-	32,601	32,601
Professional fees	-	-	-	14,983	14,983
Payroll processing	-	-	-	1,000	1,000
Insurance	-	-	-	2,515	2,515
Office supplies and expenses	-	-	-	3,138	3,138
Printing and publications	-	-	-	3,375	3,375
Total Expenses:	<u>\$ 65,067</u>	<u>\$ 64,945</u>	<u>\$ 130,012</u>	<u>\$ 102,079</u>	<u>\$ 232,090</u>

See accompanying notes to financial statements

Church Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 – Organization

The Church Avenue District Management Association, Inc. (“CADMA” or the “Organization” or the “BID”) was incorporated in the State of New York on May 20, 1983 as a not-for-profit organization 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 to promote commercial revitalization along Church Avenue in Brooklyn, New York and covers the thirteen blocks along Church Avenue from Coney Island Avenue to Flatbush Avenue.

CADMA receives its annual budget through a special assessment New York City places primarily on commercial property owners within the district’s boundaries, which is then collected by the City of New York. A fixed amount based on the approved budget is turned over to CADMA by the City on a bi-annual basis. CADMA is designated a District Management Association (“DMA”) and is made up of property owners and commercial and residential tenants.

Note 2 – Date of Management’s Review

In preparing the financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through December 10, 2021, the date the financial statements were available to be issued.

Note 3 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) and reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Church Avenue District Management Association, Inc. have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the BID to report information regarding its financial position and activities according to the following net asset classifications:

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 BID. These net assets may be used at the discretion of the BID’s management and the board of directors.

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 the actions of the BID or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Church Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 3 – Summary of Significant Accounting Policies (*continued*)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the reporting period. Actual results could differ from the estimates.

Cash and Cash Equivalents

The organization considers all highly liquid investments financial instruments purchased with a maturity of three months or less to be cash equivalents.

Equipment and Improvements

Purchases of furniture, equipment and streetscape improvements which have a useful life of greater than one year and which exceed certain established dollar levels are capitalized and recorded at cost. Donations of the same, are valued at fair market at the time of the donation. Depreciation is provided for annually, based on the useful lives of the assets.

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.

Church Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 3 – Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

Functional Allocation of Expenses

The costs of providing the Church Avenue District Management Association's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax Status

The Church Avenue District Management Association, Inc. has received a determination from the Internal Revenue Service that they are exempt from federal income taxes as an organization under section 501(c)(3) of the Internal Revenue Code and is a publicly supported charity as provided in Section 509(a)(1). The organization is also registered with the New York State Charities Bureau. As a result, no provision for income taxes has been made in these financial statements.

Church Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 3 – Summary of Significant Accounting Policies (continued)

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organizations financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Note 4 – Contract with the City of New York

The City of New York, acting through its Department of Small Business Services, has entered into a contract with the Church Avenue District Management Association to enable the organization to provide community improvements, including improving environmental conditions, increasing public safety and supplementing social services. The City renewed its contract with the Church Avenue District Management Association, Inc. for a five-year term which began July 1, 2016 and ended June 30, 2021. Under the contract the City will collect a set sum of assessments based on a formula related to the amount of real property owned within the District. The total assessments collected by the City of New York, for the fiscal years ended June 30, 2021 and 2020, were \$203,000 and \$203,000, respectively.

Note 5 – Contingency

The Church Avenue District Management Association is dependent on assessments against property in the district collected by the NYC Department of Finance. Any change in this level of support could materially impact the ability of the Church Avenue District Management Association to continue to provide its services.

Note 6 – Liquidity and Funds Available

The following reflects the BID’s financial assets as of the statement of financial position date available to meet cash needs for general expenditures within one year.

Financial assets at year-end:	June 30, 2021	June 30, 2020
Cash	\$ 175,542	\$ 73,724
Certificate of deposit	21,990	21,990
Accounts receivable	<u>9,521</u>	<u>3,811</u>
Total assets available for general expenditure	<u>\$ 207,053</u>	<u>\$ 99,525</u>

As part of the BID’s liquidity management plan, budgets are created annually and reviewed. Upon observing any potential budget deficits, the BID will review the expenses for any refinement or adjustment of services, review the assessment for potential increase and/or pursue additional grant/funding options.

Church Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 7 – Contract and agreements

Sanitation Services

The Church Avenue District Management Association uses Streetplus Company, LLC for its sanitation services. Beginning July 1, 2019 through July 31, 2020 the monthly fee will be \$5,379.43 per month (for seven days/week of service). From August 1, 2020 through July 31, 2021 the monthly fee will be \$3,276.00 per month (for four days/week of service).

Street maintenance fees for the years ended June 30, 2021 and 2020 were \$42,215 and \$65,067, respectively.

Office Space

CAMBA, Inc. (“CAMBA”), an unrelated third party, provides the Church Avenue District Management Association with office space in Brooklyn, NY, professional fees, certain insurance costs, computer usage, personnel, and other services pursuant to a month-to-month agreement. During the years ended June 30, 2021 and 2020, CADMA incurred \$126,301 and \$122,534, respectively for these services. These amounts include payments made to CAMBA to its defined contribution plan for \$5,265 and \$5,967 for the years ended June 30, 2021 and 2020, respectively.

The amount due to CAMBA, Inc. at June 30, 2021 and 2020 was \$31,850 and \$24,101, respectively. The Organization makes payments as it has cash available, there is no set repayment terms and the amounts due are not interest bearing.

Note 8 - Corona Virus Outbreak

In December 2019, a novel strain of coronavirus was reported and has subsequently spread around the world. The World Health Organization has declared the spread an outbreak which has impacted financial markets around the world. The extent of the impact of COVID-19 on the BID’s operations has not been positive and will continue to depend on certain developments, including the duration and spread of the outbreak. At this point, the extent to which COVID-19 may impact the BID’s future financial condition or its operations remains uncertain.

Note 9 – Subsequent Events

FASB issued guidance in ASC 855 *Subsequent Events*. ASC 855 established general standards for accounting and disclosure of events occurring subsequent to the statement of financial position due date but prior to issuance of the financial statements. The organization has evaluated subsequent events through December 10, 2021, the date on which the financial statements were available to be issued.

Church Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 9 – Subsequent Events (continued)

New Sanitation Services Contract

The Church Avenue District Management Association hired Commercial District Services, LLC for supplemental street sanitation services effective November 1, 2021. The current contract runs through June 30, 2022 with an option to extend for an additional two-year term. For November 1, 2021 through June 30, 2022 the annual cost will be \$26,845.87 paid in equal monthly installments of \$3,355.73.

New Office Space

The Church Avenue District Management Association Inc. has leased new office space located in Suite C30 at 495 Flatbush Avenue, Brooklyn, NY. The lease began on September 1, 2021 and is for a one-year term with a monthly fee of \$1,200.

Renewal of Contract with the City of New York

The City of New York, acting through its Department of Small Business Services, is in the process of renewing its contract with the Church Avenue District Management Association, Inc. for another five-year term. The new contract, once signed, will begin July 1, 2021 and extend through June 30, 2026.