

GREATER JFK
DISTRICT MANAGEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021 AND 2020

TYRONE ANTHONY SELLERS
Certified Public Accountant

GREATER JFK
DISTRICT MANAGEMENT ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater JFK District Management Association, Inc.
Jamaica, New York

Report on the Financial Statements

I have audited the accompanying financial statements of Greater JFK District Management Association, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities and change in net assets, functional expenses and cash flows 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater JFK District Management Association, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Greater JFK District Management Association, Inc.'s 2020 financial statements, and expressed an unmodified opinion on those financial statements in my report dated November 25, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Saint Albans, New York
October 29, 2021

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2021 AND 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash	\$ 1,090,721	\$ 871,942
Prepaid Expenses	27,177	1,993
Total Current Assets	<u>1,117,898</u>	<u>873,935</u>
<u>Fixed Assets</u>		
Office Furniture & Equipment	21,090	16,590
Less Accumulated Depreciation	<u>(7,807)</u>	<u>(4,488)</u>
Total Fixed Assets	<u>13,283</u>	<u>12,102</u>
<u>Other Asset</u>		
Rent security deposit	<u>1,000</u>	<u>1,000</u>
Total Assets	<u>\$ 1,132,181</u>	<u>\$ 887,037</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 73,053	\$ 50,862
Assessment advance	250,000	—
Total Current Liabilities	<u>323,053</u>	<u>50,862</u>
<u>Net Assets</u>		
Without donor restrictions	<u>809,128</u>	<u>836,175</u>
Total Liabilities and Net Assets	<u>\$ 1,132,181</u>	<u>\$ 887,037</u>

The accompanying notes are an integral part of these statements.

TYRONE ANTHONY SELLERS
Certified Public Accountant

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<u>Revenues and other support</u>				
Assessment Revenue	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Contributions	—	—	—	2,750
In-kind Contribution	361	—	361	0
Interest Income	—	—	—	—
Total before net assets released from restrictions	500,361	—	500,361	502,750
Net assets released from restrictions:	—	—	—	—
Total revenues and other support	<u>500,361</u>	<u>—</u>	<u>500,361</u>	<u>502,750</u>
<u>Expenses</u>				
Technical Services and Planning	65,950	—	65,950	43,023
Sanitation and Maintenance	137,678	—	137,678	102,746
Public Safety and Security	98,747	—	98,747	19,301
District Identity and Marketing	144,891	—	144,891	70,218
Management & General	80,142	—	80,142	67,523
Total expenses	<u>527,408</u>	<u>—</u>	<u>527,408</u>	<u>302,811</u>
Change in Net Assets	(27,047)	—	(27,047)	199,939
Net assets at beginning of year	<u>836,175</u>	<u>—</u>	<u>836,175</u>	<u>636,236</u>
Net assets at end of year	<u>\$ 809,128</u>	<u>\$ -</u>	<u>\$ 809,128</u>	<u>\$ 836,175</u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	2021					2021 Total Expenses	2020 Total Expenses
	Technical Services & Planning	Sanitation and Maintenance	Public Safety and Security	District Identity & Marketing	Management and General		
Payroll	\$ 38,548	\$ 12,849	\$ 19,274	\$ 19,274	\$ 38,548	\$ 128,493	\$ 90,335
Payroll taxes and fringes	8,300	2,767	4,150	4,150	8,300	27,668	18,210
Professional Fees	12,915	—	—	—	9,091	22,006	12,917
Consultants	—	—	—	4,089	—	4,089	2,352
Contracted Services	—	—	—	73,401	1,657	75,058	20,376
Office and Related Costs	—	—	—	—	3,962	3,962	3,346
Printing and Copying	—	—	—	4,185	—	4,185	—
Dues and Subscriptions	—	—	—	—	5,049	5,049	4,080
Occupancy Costs	4,600	1,533	2,300	2,300	4,600	15,334	14,626
Insurance	1,587	529	793	793	1,587	5,289	4,582
Annual meeting	—	—	—	5,806	—	5,806	854
Program expenses	—	—	183	9,998	—	10,181	4,944
Sanitation	—	120,000	—	—	—	120,000	85,447
Marketing and Communications	—	—	—	20,894	—	20,894	29,717
Security expenses	—	—	72,046	—	—	72,046	—
Travel, Meetings and Related Costs	—	—	—	—	3,548	3,548	8,617
Miscellaneous	—	—	—	—	481	481	271
Depreciation	—	—	—	—	3,319	3,319	2,138
Total	<u>\$ 65,950</u>	<u>\$ 137,678</u>	<u>\$ 98,747</u>	<u>\$ 144,891</u>	<u>\$ 80,142</u>	<u>\$ 527,408</u>	<u>\$ 302,812</u>

The accompanying notes are an integral part of this statement.

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (27,047)	\$ 199,939
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities</u>		
Depreciation expense	3,319	2,138
Decrease (increase) in operational assets		
Prepaid expenses	(25,184)	627
Rent security deposit	-	-
Increase (decrease) in operational liabilities		
Accounts payable	22,191	45,862
Assessment advancement	250,000	-
	<u>223,279</u>	<u>248,566</u>
Net cash provided by operating activities		
<u>Cash Flows From Investing Activities</u>		
Increase in fixed assets	<u>(4,500)</u>	<u>(5,894)</u>
Net cash used in investing activities	<u>(4,500)</u>	<u>(5,894)</u>
Net increase in cash	218,779	242,672
Cash balance at beginning of year	<u>871,942</u>	<u>629,270</u>
Cash balance at end of year	<u>\$ 1,090,721</u>	<u>\$ 871,942</u>
<u>Supplemental Information for Cash Flows</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

TYRONE ANTHONY SELLERS
Certified Public Accountant

GREATER JFK
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Greater JFK District Management Association, Inc. (the “Organization”) was formed on June 19, 2017 under Section 402 of the Not-For-Profit Corporation Law of the State of New York. The primary purpose of the Organization is to manage the Greater JFK Business Improvement District (“BID”). The BID is located in Southeastern Queens County of New York and extends along both sides of Rockaway Blvd. from Baisley Blvd. to 183rd Street and includes 33 blocks between 147th Avenue and Rockaway Blvd. and 18 blocks between Nassau Expressway and Rockaway Blvd.

A summary of significant accounting policies of the Organization are as follows.

Basis of Accounting – The accompanying financial statements were prepared on the accrual basis of accounting.

Capitalization and Depreciation – Furniture and equipment are recorded at cost, and are capitalized and depreciated over their estimated service lives using the straight-line method of depreciation. The estimated service life of the assets for depreciation purposes may be different from their actual economic useful lives. Furniture and equipment purchased with government contract funding are expensed in the year purchased.

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2018 and subsequent remain subject to examination by applicable taxing authorities.

Contributions – Contributions are recorded as contributions with donor restrictions or contributions without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor is reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of the passage of time, or other events specified by donors. Donor restricted contributions received and expensed in the same fiscal year are reflected as contributions without donor restrictions.

Financial Statements – The Organization’s financial statements adhere to the established standards for external financial statements provided by not-for-profit organizations which require that resources be classified for accounting and reporting purposes into two classes of net assets – with donor restrictions and without donor restrictions. All other net assets, including board-designated or appropriated amounts, are reported as part of the without donor restrictions class.

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

Functional Expense – Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll, payroll taxes and employee benefits, rent, insurance and other type expenses which are allocated on the basis of employees’ time and effort.

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GREATER JFK
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents – The Organization maintains its cash in bank deposit accounts which at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2021, and June 30, 2020, the Organization had approximately \$840,721 and \$621,942, respectively, in excess of FDIC-insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash. For purposes of the balance sheets and statements of cash flows, the Organization considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. As of June 30, 2021, there were no accounts considered to be cash equivalents.

Subsequent Events – Management has evaluated subsequent events through October 29, 2021, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment or disclosure in the financial statements. In early 2020, the coronavirus that caused COVID-19 to spread to the United States had caused business disruption in the area in which the Organization primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this disruption. At this time, the financial impact and duration cannot be reasonably estimated.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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.

Note 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$1,117,898 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$1,090,721, and prepaid expenses of \$2,176. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash and/or short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$83,836. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 – ASSESSMENT REVENUE

The Organization entered into a contract with the City of New York acting through its agency, Department of Small Business Services, to provide the BID with the following supplemental services; Public Safety and Security, Sanitation and Maintenance, District Identity and Marketing, Industry Networking and Labor Force Development, Technical Services and Planning Studies for Project Development, Advocacy and Administration, and additional services including Capital Improvements which the City of New York may determine useful. The contract is for a five year period commencing July 1, 2017 and ending June 30, 2022 and may be renewed for another five years at the sole discretion of the City of New York.

The City of New York (“City”) agreed to pay the Organization all of the proceeds actually collected by the City pursuant to a special assessment levied by the City upon real property within the BID. The assessment collected and received for the fiscal years ended June 30, 2021 and June 30, 2020 were \$500,000 and \$500,000, respectively. The amount due from the City as of June 30, 2021 and June 30, 2020 was \$-0-. An advance of \$250,000 for fiscal year ending June 30, 2022 was received in June 2021.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 4 – IN KIND SERVICES/DONATIONS

Donated services, including in-kind donations meeting the criteria for recognition in the financial statements are reflected as in-kind services/donations at their estimated fair value at the date of receipt. Contributed services which do not meet the criteria for recognition in the financial statements are not reflected in these financial statements. During the year ended June 30, 2021, the Organization received an in-kind donation of garden materials amounting to \$361 from a local community organization.

Note 5 – OPERATING LEASE

The Organization entered into a lease for office space located at 167-43 148th Avenue, Jamaica, NY. The lease was for one year expiring on August 31, 2019. Subsequently, the Organization renewed its rental lease agreement for its office space. The rental lease expires August 31, 2022. The annual rent lease payments for the next few years are follows:

Year Ending June 30,	
2022	\$ 15,500
2023 (lease ends August 31, 2022)	<u>2,600</u>
Total	<u>\$ 28,100</u>

Future change in accounting principle – *Accounting for Leases. ASC 842*. The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes, operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating, or finance will be done in a manner similar to the existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and non-lease components in an arrangement.

The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The new standard is expected to have an effect on the financial statements in regard to the recognition of additional assets and liabilities for its operating leases.

Note 6 – PROGRAM GRANTS

Certain government and other grants may be subject to audit by the funding sources. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this point in time. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.

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