

**AUDIT REPORT BY INDEPENDENT AUDITOR
AND
FINANCIAL STATEMENTS FOR
Greater JFK District Management
Association, Inc
JUNE 30, 2023**

Rosemarie Whyte CPA
REWCPA



FINANCIAL STATEMENTS

Auditor's Report

PAGE

1-3

Statement of Financial Position

4

Statement of Activities

5

Statement of Functional Expenses

6

Statement of Cash Flows

7

Notes to Financial Statement

8-15



REW CPA - Certified Public Accountant

Rosemarie Whyte CPA
739 Utica Avenue
Brooklyn, New York, 11203
Office : (718)-467-8535
Fax : (718)-953-8323
Email: rewhyte@ogc-rewcpas.com

Independent Auditor's Report

The Board of Directors of
Greater JFK District Management Association, Inc.
Queens, New York.

Opinion

I have audited the financial statements of Greater JFK District Management Association, Inc which comprise the statements of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Greater JFK District Management Association, Inc as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of matter

As stated in Note X 7 Contingencies- Greater JFK District Management Association, Inc. incurred \$6,600 in consulting expenses for the benefit of an entity that management advises did not provide services for the benefit of the district and has included those expenses in the accompanying statement of activities. The grantor NYC Small Business Services (SBS) has advised that payments on behalf of an entity that does not provide services for the benefit of the district are in violation of the guidelines presented to Greater JFK District Management Association, Inc.

As stated in Note 12 to the financial statements, subsequent to year end Greater JFK District Management Association Inc, incurred \$8,600 in expenses that management advises were not for the benefit of the district. These expenses are in violation of the guidelines presented to Greater JFK District Management Association, Inc. As at the date the financial statements were available to be issued SBS had not taken any action against Greater JFK District Management Association, Inc. Due to the uncertainty of the amounts to be reimbursed, no provision was made for contingencies in the financial statements. My opinion is not affected by these matters.

Other matter

The financial statements of Greater JFK District management association, Inc for the year ended June 30,2022, were audited by another auditor whose report dated January 31, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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, which raise substantial doubt about Greater JFK District Management Association, Inc's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements


My 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 auditor's 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 GAAS 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- 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 Greater JFK 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 my judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Greater JFK District Management Association, Inc's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Rosemarie Whyte, CPA, dba, REW CPA
Brooklyn, New York, 11203
March 14, 2024

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION INC
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

<u>Assets</u>	<u>Without Donor Restrictions</u>
Cash and cash equivalents	\$ 652,459
Grant receivable	25,000
Security deposits	1,000
Prepaid expenses and other current assets	3,187
Furniture and equipment, net	5,145
Total assets	<u>\$ 686,791</u>
<u>Liabilities and net assets</u>	
Liabilities	
Accounts payable and accrued expenses	\$ 39,826
Grant advances	250,000
Total liabilities	<u>289,826</u>
Net assets	
Without donor restriction	396,965
Total liabilities net assets	<u>\$ 686,791</u>

See auditor's report and accompanying notes to financial statements

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Revenue and Other Support

Without Donor Restrictions

Revenue from Contracts with customers	
Bid assessment income	\$ 500,000
Grant income	50,000
Total revenue and other support	<u>550,000</u>

Expenses

Program Services

Program #1 - Public safety	87,528
Program #2 - Sanitation and maintenance	149,717
Program #3 - Industry networking	31,076
Program #4 - Planning and transportation	147,301
Program #5- Community support	16,889
Program #6- Marketing	125,359
Total program services	<u>557,870</u>

Supporting Services

Management and general	213,987
Fundraising	3,000
Total supporting services	<u>216,987</u>

Total Expenses **774,857**

Net Change in Net Assets **(224,857)**

Net Assets, beginning of year **621,822**

Total Change in Net Assets, end of year **\$ 396,965**

See auditor's report and accompanying notes to financial statements

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services						Total	Supporting Services			Total
	Sanitation & Snow Removal Streetscape Imprv	Public Safety	Industry Networking & Workforce	Planning & Transport	Marketing & Communication	Community Support	Program Services	Management and General	Fundraising	Supporting Services	Total
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,279	\$ -	\$ 48,279	\$ 48,279
Payroll taxes								3,908		3,908	3,908
Employee benefits								25,433		25,433	25,433
Occupancy								17,458		17,458	17,458
Contractors	133,017	87,528					220,545				220,545
Consulting services	11,150						11,150	78,107	3,000	81,107	92,257
Telephone								1,430		1,430	1,430
Equipment and software								4,335		4,335	4,335
Planning strategic	5,550		31,076				36,626				36,626
Shuttle service				147,301			147,301				147,301
Advertising and promotion					13,490		13,490				13,490
Printing and Publications					1,299		1,299				1,299
Website and IT					57,440		57,440	5,449		5,449	62,889
Event cost					53,130		53,130	-			53,130
Insurance								3,769		3,769	3,769
Professional fees								14,422		14,422	14,422
Office supplies								8,079		8,079	8,079
Depreciation								3,319		3,319	3,319
Community partner projects and events						16,889	16,889				16,889
	\$ 149,717	\$ 87,528	\$ 31,076	\$ 147,301	\$ 125,359	\$ 16,889	\$ 557,870	\$ 213,987	\$ 3,000	\$ 216,987	\$ 774,857

See auditor's report and accompanying notes to financial statements

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities	<u>Without Donor Restrictions</u>
Change in net assets	\$ (224,857)
Adjustments for non-cash items included in operating activities:	
Depreciation and amortization	3,319
Adjustments to reconcile change in net assets to net cash provided by operating activities	
(Increase) grant receivable	(25,000)
(Increase) prepaid expense	(1,010)
(Increase) accounts payable	25,079
(Increase) grant advances	<u>250,000</u>
Net cash provided by operating activities	<u>27,531</u>
 Increase in cash and cash equivalents	 27,531
 Cash and cash equivalents, beginning of year	 <u>624,928</u>
 Cash and cash equivalents, end of year	 <u><u>\$ 652,459</u></u>

Supplementary Disclosures

Cash Basis

Taxes Paid	\$ -
Interest Paid	-

See auditor's report and accompanying notes to financial statements.

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – DESCRIPTION OF THE ASSOCIATION

Greater JFK District Management Association Inc (Association), a not-for-profit Organization, was incorporated in the State of New York on June 16, 2017. The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for federal, state, or local income taxes has been recorded. The Association does not believe its financial statements include any uncertain tax positions. The Association primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the Greater JFK Business Improvement District (BID) in the borough of Queens. The BID's boundaries extend 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. The Association's programs include the following: Sanitation and Maintenance - maintaining clean streets/curbs/sidewalks and garbage removal; Snow removal and Streetscape maintenance Public Safety - providing increased public security; Planning & Transportation - strategic planning and shuttle services; and Marketing - promoting the district to residents and tourists and to retain and develop prospective businesses.

In June 2023, the Association discontinued its shuttle service program.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation –The financial statements of Greater JFK District Management Association Inc have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). The Statement of Financial Position is unclassified which is accepted for nonprofit entities.

The Association presents its financial statements in accordance with accounting guidance for nonprofit entities. Under this guidance, the Association is required to report information regarding its financial position and activities according two classes of net assets:

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 Association.

These net assets may be used at the discretion of the Association'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 actions of the Association 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.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor- stipulated purpose has been fulfilled and /or stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Association has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received. All city and state grants and contracts are reported as exchange transactions in accordance with generally accepted accounting principles. All other sources of revenue are reported as contributions without donor-imposed restrictions.

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 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 of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reports amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Measure of operations – The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Greater JFK District Management Association Inc ongoing program services, and interest and dividends earned on investments, if any. Non-operating activities are limited to resources that generate return from investments, if any, and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents – Greater JFK District Management Association Inc's cash consists of cash on deposit with financial institutions. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long- term purposes.

Concentrations of credit risk –Deposit accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. On June 30, 2023, the Association's bank balances were fully FDIC insured.

Contributions - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. The Association reports information regarding its financial position and revenues, expenses, & changes in net assets according to two classes of net assets that are based upon the existence or absence of restrictions on use that are place by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. Net assets with donor restrictions are resources that are subject to donor-imposed restrictions, such as restricted for a purpose or for it to be maintained in perpetuity. All contributions are considered without restriction unless specifically restricted by the donors. The Association had no net assets with donor restrictions for the year ended June 30, 2023.

Revenue and other receivables- Revenue and grants are recognized when the grantor makes an agreement to give to the Association that is, in substance, unconditional. Contributions and grants that are restricted by the grantor are reported as increases in net assets without donor restrictions if the restrictions required in the fiscal year in which the Contributions and grants are recognized. All other donor-restricted Contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant income- The Association’s revenues are derived from cost- reimbursable City contract with NYC Department of Small Business Services for \$50,000 for one year ended on June 30, 2023. This contract is conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Revenues from cost reimbursement contracts with certain state agencies and local funders are recorded when expenditures in compliance with specific contract or grant provisions have been incurred and are billable to the funding agencies.

Assessment revenue-

The City of New York (“City”) agreed to pay the Association all the proceeds actually collected by the City pursuant to a special assessment levied by the City upon real property within the BID. The real estate assessment is received in two installments. Annual real estate assessment revenue is \$500,000 under the five-year contract commencing July 1, 2022, and ending June 30, 2027

Real estate assessment leveled by the city is recognized as revenue when earned. Assessment received in advance is recorded as Assessment advance. Real estate assessment received during the fiscal year ended June 30, 2023, was \$750,000, \$500,000 was recognized as assessment revenue for the year ended June 30, 2023, and \$250,000 was recognized as Assessment advance at June 30, 2023. There was no beginning Assessment advance at the beginning of the year.

The Grant Receivable from the NYC Small Business Services as of June 30, 2023, was \$25,000.
Revenue

Furniture and equipment, net – Furniture and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term which are 7 years. Purchases of furniture and equipment that are required to be expensed for contract reimbursement are not capitalized. When Furniture and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any resulting gain or loss is included in non- operating activities. Repairs and maintenance are charged to expense when incurred.

For the year ended June 30, 2023, depreciation expense was \$120. A summary of the fixed assets are as follows:

Furniture and Equipment- at cost \$	19,590
Leasehold Improvement	<u>1,500</u>
Less Accumulated Depreciation	(15,945)
Net Fixed Assets	\$ <u>5,145</u>

Functional expenses – The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The Association follows not-for-profit accounting procedures in accordance with GAAP, in which joint costs of informational materials that include a fundraising appeal may be allocated. Management has not allocated any of these costs to program services. Accordingly, certain costs are allocated among program services and supporting services.

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The expenses that are allocated include the following:

Fundraising	Time and effort
Salaries and benefits	Time and effort
Occupancy	Square footage
Professional and Consulting services	Full time equivalent
Printing	Full time equivalent
Information technologies	Full time equivalent
Travel	Time and effort
Depreciation	Square footage
Other	Time and effort

Income taxes – As a nonprofit Association, Greater JFK District Management Association Inc is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Association has been held to be a publicly supported Association, and not a private foundation under Section 509(a) of the IRC. Under the provision of Greater JFK District Management Association Inc has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Association’s books are open to examination for the prior three years.

NOTE 3 - ADOPTED ACCOUNTING PRONOUNCEMENTS AND REVENUE RECOGNITION

ASU 2018-08 Contributions Received and Contributions Made

The Association typically satisfies its performance obligations in contracts with customers upon delivery of goods and services which are no longer under its control. During 2020, the Association adopted the guidance regarding contributions received from Accounting Standards Update (ASU) 2018-08, Not- for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This standard is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this standard include clarification regarding the accounting for grants and contracts as exchange transaction or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Based on the Association’s review of its grants and contracts, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no impact on the statements of financial position and the statement of activities and change in net assets. The Association adopted the guidance regarding contributions made from ASU 2019-08 during 2020 and continues to implement the standards during the subsequent years.

The Association applied the revenue recognition of Financial Accounting Standard Board’s Accounting Standards Codification – Overall (ASC) 606, Revenue from Contracts with Customers and ASC 825-10 Financial Instruments, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Association expects to be entitled in exchange for those goods or services.

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - ADOPTED ACCOUNTING PRONOUNCEMENTS AND REVENUE RECOGNITION (CONTINUED)

The Association applied the following five step process to recognize revenue:

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the Association satisfies a performance obligation.

Program service fee revenue and other fundraising activities

Fees charged for certain services to perform project activities with the Association are deemed to be exchange transactions, and accordingly, revenue is recognized when funds are earned by the Association during those services and events. None of the fundraising activities include contracts.

There were no contract liabilities at the beginning of the year. Contract liabilities were \$250,000 at year ended June 30, 2023, and revenue from contracts with customers at the end of the year was \$550,000.

Adapted Accounting Pronouncement ASC 842 New Lease Standards

Effective July 1, 2022, the Association adopted FASB ASC 842, Leases. The Association currently leases office space under operating leases. (See Note 8 for details) In February 2016, the FASB issued accounting standards update 2016-02 (ASC 842) which amends existing lease guidance. The update requires lessees to recognize a right-of-use (“ROU”) asset and related lease liability on the statement of financial position for the remaining future payments due under the lease. In connection with the adoption of FASB ASWC 842, the Association recognized a ROU asset and operating liability of \$0 as of June 30, 2023. The Association has elected not to record leases with a term of 12 months or less on the statement of financial position.

NOTE 4 – GRANTS RECEIVABLE.

Grants receivables are stated at the amount management expects to collect in the subsequent period for services rendered and billed before year end under contracts with the NYC Small Business Services. Grant balances are considered past due or delinquent, based on individual contractual terms. Management deemed the grants receivable to be 100% collectible; therefore, no allowance was deemed necessary for those receivables.

As of June 30, 2023, grants receivable was:

Grant Receivable		
NYC Department of Small Business Services	\$	25,000

Grant Income		
NYC Department of Small Business	\$	550,000

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – AVAILABILITY AND LIQUIDITY

The Association regularly monitors the availability of the resources required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. As of June 30, 2023, the Association’s liquidity resources and financial assets available within one year of the financial position date for general expenditure, such as operating expenses, were as follows:

Greater JFK District Management Association Inc.’s goal is to maintain financial assets to meet 90 days of operating expenses.

Financial assets at year-end:	<u>2023</u>
Cash	\$ 652,459
Grant Receivable	<u>25,000</u>
Total Financial Assets	\$ 677,459
Less those unavailable for general expenditures within one year	-

Financial assets available to meet general expenditures.
over the next twelve months: \$ 677,459

As part of the Association's liquidity management, it invests cash in excess of daily requirements in short term investments, typically U.S. Treasury bills. The Association has the following liabilities which require cash within one year of the balance sheet date: Accounts payable and accrued expenses \$39,826.

NOTE 6 – CONCENTRATIONS

At June 30, 2023, 100% of revenue was from one major grantor NYC Department of Small Business Services. The concentration from the grantor does not make the Association vulnerable to a risk of severe near- term impact because the Association funds the program in accordance with the available funds. Therefore, if the donor ceases to contribute, the Association will fund fewer programs and will therefore not incur a loss. Approximately 17% of total expenses are from one vendor. The concentration from the major vendor does not make the Association vulnerable to a risk of severe near-term impact because the vendor can be easily replaced with another vendor that provides the same type of service.

NOTE 7 – CONTINGENCIES

The Association has contracted with NYS Department of Small Business Services and NYS Department of Transportation to perform certain services and receives reimbursements under these contracts which are subject to audit by the state governments.

Greater JFK District Management Association, Inc. incurred \$6,600 in consulting expenses for the benefit of an entity that management advises did not provide services for the benefit of the district and has included those expenses in the accompanying statement of activities. The grantor SBA has advised that payments on behalf of an entity that does not provide services for the benefit of the district are in violation

GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

of the guidelines presented to Greater JFK District Management Association, Inc, but has not confirmed that SBS will seek reimbursement for the \$6,600.

Upon audit, if the discrepancies are discovered, the Association could be held responsible for reimbursing the agencies. 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.

NOTE 8- DISCONTINUED PROGRAMS

During the year, the Association discontinued its Shuttle Service program. Spending on the Shuttle Service was \$ 147,301 for the year ended June 30, 2023, and \$ 75,000 for the year ended June 30, 2022.

NOTE 9 – LEASE EXPENSE

The Organization entered into a one (1) year lease agreement on September 1, 2023, for office space. The organization utilizes the space for their administrative and program activities. The total annual base rent is \$16,200. This amount breaks down to a monthly payment of \$1,350.

Future minimum payments for these leases are as follows. For year ended December 31,

2024	\$	2,700
------	----	-------

For the year ended December 31, 2023, the total rent expense of \$ 17,089 is included in occupancy costs on the accompanying statement of functional expenses.

NOTE 10 – CASH, CASH EQUIVALENTS AND RESTRICTED CASH

On November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash. This update addresses the diversity in practice on how to classify and present changes in restricted cash or restricted cash equivalents in the statement of cash flows. The update requires that a statement of cash flows explain the change during the period in restricted cash or restricted cash equivalents in addition to changes in cash and cash equivalents. Associations are also required to disclose information about the nature of the restrictions and amounts described as restricted cash and restricted cash equivalents. Also, when cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line on the balance sheet, an Association must reconcile these amounts to the total shown on the statement of cash flows.

Reconciliation of cash reported within the statements of financial position that sum to the total of the same such amounts in the statements of cash flows as follows:

Cash - checking account \$652,459

For the year ended June 30, 2023, there was no restricted cash.

**GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Note 11 - COMPENSATED ABSENCES

Employees of the Association may be entitled to paid vacation, paid sick, and personal days off, depending on the job classification, length of services, and other factors. Accrued expenses include \$12,000 severance amount for past performance promised to a terminated employee who received payment after year end. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements.

NOTE 12 – SUBSEQUENT EVENTS

Management of Greater JFK District Management Association Inc has evaluated subsequent events through March 14, 2024, which is the date the financial statements were available to be issued. Subsequent to June 30, 2023, Greater JFK District Management Association Inc spent \$ 8,600 on consulting expenses for the benefit of an entity that management were not for the benefit of the district, which is a violation of the guidelines provided to the Association by the NYC Small Business Services (SBS). Up to the date when the financial statements were available to be issued the Grantor SBS had not yet taken any action against the Association, and as a result no liabilities were recorded in the financial statements.