

GREATER JFK  
DISTRICT MANAGEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020 AND 2019

**TYRONE ANTHONY SELLERS**  
*Certified Public Accountant*

GREATER JFK  
DISTRICT MANAGEMENT ASSOCIATION, INC.

- CONTENTS -

Independent Auditor's Report	Page 1
Statements of Financial Position	Page 2
Statements of Activities and Change in Net Assets	Page 3
Statements of Functional Expenses	Page 4
Statements of Cash Flows	Page 5
Notes to Financial Statements	Pages 6-8

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, 2020 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, 2020, 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 2019 financial statements, and expressed an unmodified opinion on those financial statements in my report dated August 29, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Saint Albans, New York  
November 25, 2020

## GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.

## STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2020 AND 2019

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
<u>Current Assets</u>		
Cash	871,942	\$ 629,270
Grant Receivable	—	—
Prepaid Expenses	1,993	2,620
Total Current Assets	<u>873,935</u>	<u>631,890</u>
<u>Fixed Assets</u>		
Office Furniture & Equipment	16,590	10,696
Less Accumulated Depreciation	(4,488)	(2,350)
Total Fixed Assets	<u>12,102</u>	<u>8,346</u>
<u>Other Asset</u>		
Rent security deposit	1,000	1,000
Total Assets	<u>\$ 887,037</u>	<u>\$ 641,236</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 52,875	\$ 5,000
<u>Net Assets</u>		
Without donor restrictions	<u>834,162</u>	<u>636,236</u>
Total Liabilities and Net Assets	<u>\$ 887,037</u>	<u>\$ 641,236</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, 2020

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019 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	—	2,750	—
Interest Income	—	—	—	—
Total before net assets released from restrictions	502,750	—	502,750	500,000
Net assets released from restrictions:	—	—	—	—
Total revenues and other support	<u>502,750</u>	<u>—</u>	<u>502,750</u>	<u>500,000</u>
<u>Expenses</u>				
Technical Services and Planning	43,023	—	43,023	38,288
Sanitation and Maintenance	102,746	—	102,746	35,504
Public Safety and Security	19,301	—	19,301	12,203
District Identity and Marketing	70,218	—	70,218	49,168
Management & General	69,536	—	69,536	75,289
Total expenses	<u>304,824</u>	<u>—</u>	<u>304,824</u>	<u>210,452</u>
Change in Net Assets	197,926	—	197,926	289,548
Net assets at beginning of year	<u>636,236</u>	<u>—</u>	<u>636,236</u>	<u>346,688</u>
Net assets at end of year	<u>\$ 834,162</u>	<u>\$ -</u>	<u>\$ 834,162</u>	<u>\$ 636,236</u>

The accompanying notes are an integral part of this statement.

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## GREATER JFK DISTRICT MANAGEMENT ASSOCIATION, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2020					2020 Total Expenses	2019 Total Expenses
	Technical Services & Planning	Sanitation and Maintenance	Public Safety and Security	District Identity & Marketing	Management and General		
Payroll	\$ 27,082	\$ 9,028	\$ 13,541	\$ 13,541	\$ 27,143	\$ 90,335	\$ 75,000
Payroll taxes and fringes	5,533	1,844	2,766	2,766	5,301	18,210	13,802
Consultants	3,709	436	—	218	12,918	17,281	23,678
Contracted Services	414	4,133	207	15,207	415	20,376	3,780
Office and Related Costs	—	—	—	—	3,346	3,346	5,509
Printing and Copying	—	—	—	—	—	—	1,996
Dues and Subscriptions	710	—	—	355	3,015	4,080	4,089
Occupancy Costs	4,039	1,346	2,019	2,019	5,203	14,626	14,675
Insurance	1,536	512	768	768	998	4,582	3,498
Annual meeting	—	—	—	683	171	854	20,365
Program expense	—	—	—	4,944	—	4,944	—
Sanitation	—	85,447	—	—	—	85,447	23,369
Marketing and Communications	—	—	—	29,717	—	29,717	12,564
Travel, Meetings and Related Costs	—	—	—	—	8,617	8,617	6,358
Miscellaneous	—	—	—	—	271	271	60
Depreciation	—	—	—	—	2,138	2,138	1,710
Total	<u>\$ 43,023</u>	<u>\$ 102,746</u>	<u>\$ 19,301</u>	<u>\$ 70,218</u>	<u>\$ 69,536</u>	<u>\$304,824</u>	<u>\$210,453</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, 2019 AND 2018

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 197,926	\$ 289,548
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities</u>		
Depreciation expense	2,138	1,710
Decrease (increase) in operational assets		
Prepaid insurance	627	(1,448)
Rent security deposit	-	(1,000)
Increase (decrease) in operational liabilities		
Accounts payable	<u>47,875</u>	<u>-</u>
Net cash provided by operating activities	<u>248,566</u>	<u>288,810</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of office furniture & equipment	<u>(5,894)</u>	<u>(4,296)</u>
Net cash used in investing activities	<u>(5,894)</u>	<u>(4,296)</u>
Net increase in cash	242,672	284,514
Cash balance at beginning of year	<u>629,270</u>	<u>344,756</u>
Cash balance at end of year	<u>\$ 871,942</u>	<u>\$ 629,270</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.

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GREATER JFK  
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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 183<sup>rd</sup> Street and includes 33 blocks between 147<sup>th</sup> 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, 2017 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, 2019, 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, 2020

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, 2020, and June 30, 2019, the Organization had approximately \$621,942 and \$379,270, 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, 2020, there were no accounts considered to be cash equivalents.

Subsequent Events – Management has evaluated subsequent events through November 25, 2020, 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 causes COVID-19 spread to the United States and 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. The Organization did not have a need to apply for a Payroll Protection Program loan.

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 \$873,935 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$871,942, and prepaid expenses of \$1,993. 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, 2020 and June 30, 2019 were \$500,000 and \$500,000, respectively. The amount due from the City as of June 30, 2020 and June 30, 2019 was \$-0-.

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GREATER JFK  
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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.

Note 5 – OPERATING LEASE

The Organization entered into a lease for office space located at 167-43 148<sup>th</sup> 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,	
2021	\$ 14,900
2022	15,500
2023 (lease ends August 31, 2022)	<u>2,600</u>
Total	<u>\$ 33,000</u>

Future change in accounting principle – Accounting for Leases. 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, 2019, and any interim periods within annual reporting periods that begin after December 15, 2020. 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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