

**WOODHULL COMMUNITY DISTRICT
MANAGEMENT ASSOCIATION, INC.**
(A NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10
Independent Auditor's Report on Supplementary Information	11
Statement of Functional Expense	12 - 13

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30,

ASSETS

	2020	2019
Assets:		
Cash and equivalents	\$ 136,259	\$ 81,459
Accounts receivable	1,800	2,943
Grants receivable	609	609
Prepaid expenses	3,005	-
Right of use asset - rental lease	69,795	-
Security deposits	1,300	1,300
Total Assets	\$ 212,768	\$ 86,311

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 5,000	\$ 5,133
Lease liability - rental lease	71,255	-
Total Liabilities	76,255	5,133
Net Assets:		
Without donor restrictions	136,513	81,178
Total Net Assets	136,513	81,178
Total Liabilities and Net Assets	\$ 212,768	\$ 86,311

The accompanying notes are an integral part of these financial statements.

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenues:				
Assessments	\$ 215,000	\$ -	\$ 215,000	\$ 180,000
Grant income	-	-	-	-
Farmers market income	5,083	-	5,083	2,331
Festival income	2,841	-	2,841	3,693
Sponsorship income	-	-	-	-
Office service income	3,600	-	3,600	3,600
Other income	5,138	-	5,138	138
Total support and revenues	231,662	-	231,662	189,762
Expenses:				
Program services:				
Supplemental business services	140,476	-	140,476	153,433
Supportive services:				
Management and general	25,700	-	25,700	15,634
Fundraising	9,571	-	9,571	5,378
Total expenses	175,747	-	175,747	174,445
Change in Net Assets	55,915	-	55,915	15,317
Net Assets - beginning of year	81,178	-	81,178	65,861
Prior period adjustment	(580)			
Net Assets - end of year	\$ 136,513	\$ -	\$ 136,513	\$ 81,178

The accompanying notes are an integral part of these financial statements.

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2020</u>	<u>2019</u>
Cash flow from operating activities:		
Changes in net assets	\$ 55,915	\$ 15,317
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Prior period adjustment	(580)	-
Changes in operating assets and liabilities:		
Accounts receivable	1,143	(2,338)
Grants receivable	-	5,000
Prepaid expenses	(3,005)	1,529
Right of use asset - rental lease	(69,795)	-
Accounts payable and accrued expenses	(133)	70
Lease liability - rental lease	71,255	-
Net cash provided (used) by operating activities	<u>54,800</u>	<u>19,578</u>
Net increase (decrease) in cash	54,800	19,578
Cash at the beginning of the year	<u>81,459</u>	<u>61,881</u>
Cash at the end of the year	<u>\$ 136,259</u>	<u>\$ 81,459</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1: ORGANIZATION AND TAX STATUS

Woodhull Community District Management Association, Inc., (the "Organization") was formed in 1983 under Section 402 of the Not-for-Profit Corporation Law of the State of New York. The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The corporation was formed for the public purposes of promoting the general welfare of the people in the Business Improvement District ("BID") improving neighborhood conditions and improving the environment. The BID is located in Brooklyn, NY, and is known as the Graham Avenue Business Improvement District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting and Basis of Presentation

The accompanying financial statements include all amounts of the Organization and have been prepared on the accrual basis of accounting. The net assets, revenues, gains and expenses of the Organization are classified based on the existence or absence of donor-imposed restrictions, as permanently restricted, temporarily restricted or unrestricted.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Tax Status

The BID is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization files its form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction. The Organization is subject to examination by the Internal Revenue Service for fiscal years after 2016.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value of the date of donation. Depreciation is computed using primarily the straight-line method, over the lives of the related assets.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards No. 117 ASC 958 ("SFAS No. 117 ASC 958"), Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117 ASC 958, the BID is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT.

Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard Update “FASB ASU No. 2016-14, “Not-for-Profit Entities (958), Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASU 2016-14, the Organization is required to present information regarding its financial position and activities according to two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets without Donor Restrictions – Net assets without restrictions are resources available to support activities. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use of a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor’s instructions.

The organization’s unspent contributions are included in this class if the donor limited their use.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

NOTE 3: ASSESSMENTS

The Organization has contracted with New York City Department of Small Business Services (SBS) to receive funds specially assessed for the purpose of providing additional business services within the district. The Organization requested an assessment increase to its legislative assessment cap to \$250,000 and was approved by SBS and the NYC City Council. The Board of the Organization voted to phase the increase over three years billing \$180,000 in fiscal year June 30, 2019 and \$215,000 in fiscal year June 30, 2020. The Board has the option to bill up to \$250,000 in future fiscal years. The contract is up for renewal on June 30, 2021. As of June 30, 2020, the assessments received were \$215,000.

NOTE 4: SANITATION

On January 1, 2020, The Organization entered into a four -year contract with Jag Maintenance & Cleaning. The terms of the contract run from January 1, 2020 to December 31, 2023, with an annual agreement of \$75,300 to be paid in monthly increments of \$6,275. Total sanitation expense for June 30, 2020 and 2019 were \$66,650 and \$58,000, respectively.

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash-equivalent accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Coverage limit. As of June 30, 2020, and 2019, the Organization had no balances which exceeded insured limits.

The Organization's principal source of revenue is BID assessments for the City of New York. The Organization is dependent upon property owners maintaining their status.

The contract of the Organization with the City of New York is subject to audit by the City. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this date. Disallowance or adjustments, if any, will be reflected in the financial statements in the year of settlement.

NOTE 6: RIGHT OF USE ASSET

In February 2016, the FASB issued guidance revising the accounting for leases. Under the new guidance, lessees will be required to recognize a right-of-use ("ROU") asset and lease liability for all leases other than those that are less than one year. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard is effective for the Organization on December 15, 2019 with early adoption permitted. The Organization plans to adopt the guidance on July 1, 2019 using a modified retrospective transition approach with the cumulative effect recognized at the date of initial application, whereby comparative prior period financial information will not be adjusted to reflect the new standard.

The Organization leases office space in Brooklyn under an operating lease which will expire December 31, 2024. The total rent expense for the year ended June 30, 2020 and 2019 respectively was \$19,941 and \$18,507.

The Organization is subject to future commitments set forth in the rental lease agreement. Future minimum lease commitments under the operating lease are:

FISCAL YEAR	AMOUNT
07/01/20 - 06/30/21	\$ 19,634
07/01/21 - 06/30/22	20,223
07/01/22 - 06/30/23	20,830
07/01/23 - 06/30/24	10,568

Total future minimum lease commitments as of June 30, 2020 equals \$71,255.

NOTE 7: ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Organization's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. Periods ending after June 30, 2017 remain subject to examination by the applicable taxing authorities.

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8: NEW PRONOUNCEMENTS

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, a consensus of the FASB's Emerging Issues Task Force ("ASU 2016-18"). ASU 2016-18 requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 does not provide a definition of restricted cash or restricted cash equivalents. ASU 2016-18 is effective for public business entities for annual and interim periods beginning after December 15, 2017. For all other entities, ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period, and should be applied using a retrospective transition method. The Company does not expect the adoption of ASU 2016-18 to have a material impact on its financial statements and disclosures.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). The objective of ASU 2018-13 is to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of information required by U.S. GAAP. The amendments in ASU 2018-13 added, removed, and modified certain fair value measurement disclosure requirements. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of ASU 2018-13. The Company does not expect the adoption of ASU 2018-13 to have a material impact on its financial statements and disclosures.

NOTE 9: RECLASSIFICATIONS

Certain items were reclassified from prior years to be in conformity with current presentation and had no material effect on reported earnings of those periods.

NOTE 10: PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2020, the Company determined that prior year's right of use asset, liability and rent expense were understated. The total correction resulted in a prior period adjustment of \$580.

NOTE 11: SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations and industry. Given the daily evolution of the COVID-19 outbreak and the

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11: SUBSEQUENT EVENTS - CONTINUED

global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Business Improvement District Program Services	Supporting Services Management and General	Fundraising	Total
Expenses:				
Advertising	\$ 1,582	\$ -	\$ -	\$ 1,582
Bank charges	-	-	-	-
Contributions	-	200	-	-
Dues and subscriptions	-	500	74	574
Event expense	860	-	-	860
Holiday lighting	14,550	-	-	14,550
Insurance	286	607	-	893
License and permits	96	-	-	96
Marketing and promotions	1,100	-	-	1,100
Meetings	1,036	100	-	1,136
Office expense	851	3,000	-	3,851
Payroll, taxes and fringes	47,774	3,934	4,497	56,205
Professional fees	-	5,500	-	5,500
Protection and security	691	-	-	691
Rent	5,000	9,941	5,000	19,941
Sanitation	66,650	-	-	66,650
Telephone/Internet	-	-	-	-
Utilities	-	1,918	-	1,918
Total Expenses	\$ 140,476	\$ 25,700	\$ 9,571	\$ 175,547

The accompanying notes are an integral part of these financial statements.

WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Business Improvement District Program Services	Supporting Services Management and General	Fundraising	Total
Expenses:				
Advertising	\$ 3,306	\$ -	\$ 150	\$ 3,456
Bank charges	-	-	-	-
Contributions	500	-	-	500
Dues and subscriptions	-	181	-	181
Event expense	1,010	-	100	1,110
Holiday lighting	14,550	-	-	14,550
Insurance	3,000	954	-	3,954
License and permits	1,417	-	-	1,417
Marketing and promotions	1,470	-	-	1,470
Meetings	1,000	400	62	1,462
Office expense	-	2,148	-	2,148
Payroll, taxes and fringes	49,673	3,750	5,000	58,423
Professional fees	-	5,500	-	5,500
Protection and security	-	657	-	657
Rent	18,507	-	-	18,507
Sanitation	58,000	-	-	58,000
Telephone/Internet	1,000	100	66	1,166
Utilities	-	1,944	-	1,944
Total Expenses	\$ 153,433	\$ 15,634	\$ 5,378	\$ 174,445

The accompanying notes are an integral part of these financial statements.