

**Sunset Park  
District Management Association, Inc.**

**Financial Statements**

**Years Ended  
June 30, 2016 and 2015**

**Sunset Park District Management Association, Inc.**

**June 30, 2016 and 2015**

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## **Independent Auditors' Report**

**To the Board of Directors  
Sunset Park District Management Association, Inc.  
Brooklyn, New York**

We have audited the accompanying financial statements of the Sunset Park District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sunset Park District Management Association, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 6 and 7 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Cipriani & Bauer*

**Cipriani & Bauer Certified Public Accountants, LLC  
Brooklyn, New York  
December 5, 2016**

**Sunset Park District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statements of Financial Position**  
**June 30, 2016 and 2015**

**Assets**

	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 65,354	\$ 42,780
Cash - board designated	57,692	57,692
Accounts receivable	6,500	14,500
Prepaid expenses	14,274	13,862
<b>Total Current Assets:</b>	<u>143,820</u>	<u>128,834</u>
 <b>Depreciable Property:</b>		
Depreciable property	312,492	312,492
Less: Accumulated depreciation	<u>(200,225)</u>	<u>(169,073)</u>
<b>Net Depreciable Property</b>	<u>112,267</u>	<u>143,419</u>
 <b>Other Assets:</b>		
Security deposits	<u>4,733</u>	<u>4,585</u>
 <b>Total Assets</b>	 <u>\$ 260,820</u>	 <u>\$ 276,838</u>

**Liabilities and Net Assets**

<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ <u>6,611</u>	\$ <u>10,711</u>
<b>Total Current Liabilities</b>	<u>6,611</u>	<u>10,711</u>
 <b>Net Assets:</b>		
Unrestricted	196,517	208,435
Temporarily restricted - board designated	57,692	57,692
Permanently restricted	<u>-</u>	<u>-</u>
<b>Total Net Assets</b>	<u>254,209</u>	<u>266,127</u>
 <b>Total Liabilities and Net Assets</b>	 <u>\$ 260,820</u>	 <u>\$ 276,838</u>

See accompanying notes to financial statements

**Sunset Park District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statements of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2016**  
**(with comparative totals for the year ended June 30, 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>Support and Revenue:</b>					
BID assessments-NYCDSBS	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ 300,000
Grants and donations	50,655	-	-	50,655	61,005
Interest income	419	-	-	419	377
<b>Total Support and Revenue</b>	<u>351,074</u>	<u>-</u>	<u>-</u>	<u>351,074</u>	<u>361,382</u>
<b>Expenses:</b>					
Program services	245,512	-	-	245,512	262,355
Management and general	29,317	-	-	29,317	30,735
Special events	57,011	-	-	57,011	57,329
<b>Total Expenses Before Depreciation</b>	<u>331,841</u>	<u>-</u>	<u>-</u>	<u>331,841</u>	<u>350,418</u>
<b>Changes in Net Assets Before Depreciation</b>	19,234	-	-	19,234	10,964
Depreciation expense	<u>(31,152)</u>	<u>-</u>	<u>-</u>	<u>(31,152)</u>	<u>(27,641)</u>
<b>Changes in Net Assets After Depreciation</b>	(11,918)	-	-	(11,918)	(16,677)
<b>Net Assets, Beginning</b>	<u>208,435</u>	<u>57,692</u>	<u>-</u>	<u>266,127</u>	<u>282,804</u>
<b>Net Assets, Ending</b>	<u>\$ 196,517</u>	<u>\$ 57,692</u>	<u>\$ -</u>	<u>\$ 254,209</u>	<u>\$ 266,127</u>

See accompanying notes to financial statements

**Sunset Park District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Operating Activities:</b>		
Changes in net assets	\$ (11,918)	\$ (16,677)
Adjustments to reconcile increase (decrease) to cash provided (used) by operating activities		
Provision for amortization/depreciation	31,152	27,641
 (Increase) decrease in operating assets:		
Accounts receivable	8,000	(9,500)
Prepaid expenses	(412)	(703)
Security deposit	(148)	(143)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(4,100)	(13,514)
Net cash provided by (used in) operating activities:	<u>22,573</u>	<u>(12,897)</u>
 <b>Investing Activities:</b>		
Depreciable property	<u>-</u>	<u>(37,000)</u>
Net cash (used in) investing activities:	<u>-</u>	<u>(37,000)</u>
 <b>Financing Activities:</b>		
None	<u>-</u>	<u>-</u>
 <b>Net increase (decrease) in cash and cash equivalents</b>	<b>22,573</b>	<b>(49,897)</b>
 <b>Cash and cash equivalents - beginning of period</b>	<u>100,473</u>	<u>150,370</u>
 <b>Cash and cash equivalents - end of period</b>	<u>\$ 123,046</u>	<u>\$ 100,473</u>

See accompanying notes to financial statements

**Sunset Park District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statements of Functional Expenses**  
**For the Year Ended June 30, 2016**  
**(with comparative totals for the year ended June 30, 2015)**

	<b>Program Services</b>	<b>Management and General</b>	<b>Special Events</b>	<b>Total 2016</b>	<b>Total 2015</b>
<b>Expenses:</b>					
Payroll and related expenses	\$ 47,164	\$ 13,476	\$ 6,738	\$ 67,378	\$ 67,645
Consultants	17,103	-	3,245	20,348	31,538
Holiday lighting and related programs	50,442	-	-	50,442	59,396
Street cleaning/maintenance	41,955	-	-	41,955	49,040
Outside services	-	-	20,343	20,343	10,743
Rent	15,830	4,523	2,261	22,614	21,743
Materials, supplies and printing	5,473	-	166	5,639	7,233
Safety and security services	995	-	-	995	5,400
Graffiti removal services	7,200	-	-	7,200	15,000
Permits, dues, and filing fees	-	-	8,608	8,608	8,550
Insurance	1,033	3,099	1,700	5,832	5,667
Office supplies and expenses	2,736	782	391	3,909	2,522
Professional fees	825	3,300	-	4,125	4,125
Telephone	3,603	1,029	515	5,147	4,824
Meeting expenses	4,411	1,378	1,378	7,167	8,764
Banner and sign expenses	3,500	-	-	3,500	3,500
Advertising and promotions	22,843	1,048	824	24,714	13,432
Internet access fees for WiFi	7,553	-	-	7,553	7,112
Equipment maintenance for WiFi	4,500	-	-	4,500	3,500
Utilities	1,739	497	248	2,485	2,647
Equipment rental and maintenance	3,025	-	10,410	13,435	11,146
Donations	2,485	-	-	2,485	2,511
Postage	365	104	52	522	768
Website expenses	284	81	41	405	240
Miscellaneous	449	-	91	540	3,371
<b>Total expenses before depreciation</b>	<u>245,512</u>	<u>29,317</u>	<u>57,011</u>	<u>331,841</u>	<u>350,418</u>
Depreciation expense	<u>28,473</u>	<u>2,679</u>	<u>-</u>	<u>31,152</u>	<u>27,641</u>
<b>Total expenses after depreciation</b>	<u>\$ 273,985</u>	<u>\$ 31,996</u>	<u>\$ 57,011</u>	<u>\$ 362,993</u>	<u>\$ 378,059</u>

See accompanying notes to financial statements



**Sunset Park District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Special Events</u>	<u>Total 2015</u>
<b>Expenses:</b>				
Payroll and related expenses	\$ 47,352	\$ 13,529	\$ 6,765	\$ 67,645
Consultants	24,055	-	7,483	31,538
Holiday lighting and related programs	59,396	-	-	59,396
Street cleaning/maintenance	49,040	-	-	49,040
Outside services	-	-	10,743	10,743
Rent	15,220	4,349	2,174	21,743
Materials, supplies and printing	6,424	-	809	7,233
Safety and security services	5,400	-	-	5,400
Graffiti removal services	15,000	-	-	15,000
Permits, dues, and filing fees	-	-	8,550	8,550
Insurance	992	2,975	1,700	5,667
Office supplies and expenses	1,765	505	252	2,522
Professional fees	825	3,300	-	4,125
Telephone	3,377	965	482	4,824
Meeting expenses	4,880	1,942	1,941	8,764
Banner and sign expenses	3,500	-	-	3,500
Advertising and promotions	5,787	1,569	6,076	13,432
Internet access fees for WiFi	7,112	-	-	7,112
Equipment maintenance for WiFi	3,500	-	-	3,500
Utilities	1,853	529	265	2,647
Equipment rental and maintenance	2,163	-	8,983	11,146
Donations	2,511	-	-	2,511
Postage	537	154	77	768
Website expenses	168	48	24	240
Miscellaneous	1,497	870	1,004	3,371
<b>Total expenses before depreciation</b>	<u>262,355</u>	<u>30,735</u>	<u>57,329</u>	<u>350,418</u>
Depreciation expense	<u>25,543</u>	<u>2,098</u>	<u>-</u>	<u>27,641</u>
<b>Total expenses after depreciation</b>	<u>\$ 287,898</u>	<u>\$ 32,833</u>	<u>\$ 57,329</u>	<u>\$ 378,059</u>

See accompanying notes to financial statements

**Sunset Park District Management Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 1 – Organization**

The Sunset Park District Management Association, Inc. (the BID) was incorporated in New York State and began operations in 1995 to promote the economic growth and well being of the businesses in the Sunset Park area by enlightening the public, improving environmental conditions, increasing public safety and supplementing social services in the area.

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

**Note 2 – Date of Management’s Review**

In preparing the financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through December 5, 2016, the date the financial statements were available to be issued.

**Note 3 – Summary of Significant Accounting Policies**

***Basis of Accounting***

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

***Basis of Presentation***

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization 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.

**Unrestricted** – represents activity which has not been restricted by donors.

**Temporarily restricted** – represents donor and/or board restricted contributions whose restrictions have not been met at year end but whose restrictions are anticipated to be met in the future. The board has designated funds towards the organization’s Renaissance Project, which are accordingly classified as temporarily restricted until those funds are spent. During the year ended June 30, 2013, \$28,000 was spent and has been released from restriction. At June 30, 2016 and 2015 \$57,692 and \$57,692 in funds are still designated, respectively.

**Permanently restricted** – represents donor restricted assets which must remain intact. These types of assets are commonly referred to as endowment. The organization did not have any permanently restricted net assets at June 30, 2016 and 2015.

**Sunset Park District Management Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

***Cash and Cash Equivalents***

The organization considers all highly liquid investments financial instruments purchased with a maturity of three months or less to be cash equivalents. Board designated cash consists of cash that has been earmarked for special projects.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

***Equipment and Improvements***

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

***Functional Allocation of Expenses***

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

***Tax Status***

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

***Comparative Financial Information***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organizations financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**Sunset Park District Management Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 4 – Concentration of Credit Risk**

The federal deposit insurance coverage (FDIC) insures deposit accounts for up to \$250,000 per depositor, per insured bank for each ownership category. At June 30, 2016 and 2015, the organization did not have any deposits which exceeded the coverage.

**Note 5 – Contract with the City of New York**

The City of New York, acting through its Department of Small Business Services, has entered into a contract with the Sunset Park District Management Association to provide the Sunset Park area with programs to enhance the economic and business conditions of the area by improving environmental conditions, increasing public safety and supplementing social services. The City shall pay a set sum of assessments collected based on a formula related to the amount of real property owned within the District. The contract was renewed for a five-year term ending June 30, 2017. The total income awarded by the City of New York, for the fiscal years ended June 30, 2016 and 2015, was \$300,000 and \$300,000, respectively.

**Note 6 – Contingency**

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

**Note 7 – Depreciable Property**

Depreciable property at June 30, 2016 and 2015 consists of:

	<b>2016</b>	<b>2015</b>
Office furniture, fixtures and equipment	\$ 75,342	\$ 75,342
Streetscape improvements - trash receptacles	164,730	164,730
Equipment	60,000	60,000
Leasehold improvements	<u>12,420</u>	<u>12,420</u>
Total depreciable property	312,492	312,492
Less accumulated depreciation	<u>(200,225)</u>	<u>(169,073)</u>
Net depreciable property	<u>\$ 112,267</u>	<u>\$ 143,419</u>

Depreciation expense for June 30, 2016 and 2015 was \$31,152 and \$27,641 respectively.

**Note 8 – Contracts**

Sunset Park District Management Association has entered into a contract for street/sidewalk cleaning services within the Sunset Park Business improvement district with JBS Cleaning & Maintenance Corporation. A monthly fee of \$3,395 will be paid with additional services available upon request. The contract renews itself automatically each month with either party being able to cancel the contract with written notification and at least 30 days notice. Sanitation services for the year ended June 30, 2016 and 2015 were \$41,955 and \$49,040, respectively.

**Sunset Park District Management Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 9 – Lease Agreement**

On July 12, 2006, Sunset Park District Management Association entered into a lease agreement to relocate their office space to 5116 Fifth Avenue in Brooklyn, New York. The lease term began January 1, 2007 and extended for five years. On December 1, 2010 the organization exercised its renewal option for another five year term. The current lease ends on December 31, 2016.

Future minimum lease payments are as follows:

For the fiscal year ending:	
June 30, 2017	<u>\$ 11,529</u>
Total	<u>\$ 11,529</u>

The agreement provides for progressive annual lease payments throughout the term of the lease. The organization paid rent of \$22,614 and \$21,743 for June 30, 2016 and 2015, respectively.

**Note 10 – Related Parties**

Supplemental holiday security services are provided to the Sunset Park business district by a company that is owned and operated by a member of the board.

The organization also leases office space from a building owned by a member of the board.

**Note 11 – Accounts Receivable**

Accounts receivable consists of monies paid out in advance for certain cost-reimbursement grants where the funds have been spent but the reimbursements have not yet been received as of the end of the fiscal year.