

**Bay Ridge 5<sup>th</sup> Avenue  
District Management Association, Inc.**

**Financial Statements**

**Years Ended  
June 30, 2020 and 2019**

**Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc.**

**June 30, 2020 and 2019**

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## **Independent Auditor's Report**

**To the Board of Directors  
Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc.  
Brooklyn, New York**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc. (a not-for-profit organization), as of June 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses 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 in the first paragraph present fairly, in all material respects, the financial position of the Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Cipriani & Bauer*

**Cipriani & Bauer Certified Public Accountants, LLC**  
**Brooklyn, New York**  
**November 30, 2020**

**Bay Ridge 5th Avenue District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 231,399	\$ 254,790
Accounts receivable	46,413	4,715
Prepaid expenses	7,392	6,124
<b>Total Current Assets:</b>	<u>285,204</u>	<u>265,629</u>
<b>Depreciable Property:</b>		
Depreciable property	257,484	257,484
Accumulated depreciation	<u>(237,279)</u>	<u>(225,162)</u>
<b>Net Depreciable Property</b>	<u>20,205</u>	<u>32,322</u>
Security deposit	<u>135</u>	<u>135</u>
<b>Total Assets</b>	<u>\$ 305,544</u>	<u>\$ 298,086</u>
 <b><u>Liabilities and Net Assets</u></b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	<u>\$ 28,605</u>	<u>\$ 42,667</u>
<b>Total Liabilities</b>	<u>28,605</u>	<u>42,667</u>
<b>Net Assets:</b>		
Net assets without donor restrictions	276,939	255,419
Net assets with donor restrictions	<u>-</u>	<u>-</u>
<b>Total Net Assets</b>	<u>276,939</u>	<u>255,419</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 305,544</u>	<u>\$ 298,086</u>

See accompanying notes to financial statements

**Bay Ridge 5th Avenue District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statements of Activities and Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2020**  
**(with comparative totals for the fiscal year ended June 30, 2019)**

	<b>Without Donor <u>Restrictions</u></b>	<b>With Donor <u>Restrictions</u></b>	<b>Total For the Year Ended <u>June 30, 2020</u></b>	<b>Total For the Year Ended <u>June 30, 2019</u></b>
<b>Support and Revenue:</b>				
Assessment revenue	\$ 534,000	\$ -	\$ 534,000	\$ 533,750
Special event income	787	-	787	29,105
Contributions and grant income	103,000	-	103,000	-
Other income	12,900	-	12,900	9,500
Interest income	2,129	-	2,129	2,248
<b>Total Support and Revenue</b>	<u>652,816</u>	<u>-</u>	<u>652,816</u>	<u>574,603</u>
<b>Expenses:</b>				
Program services	499,271	-	499,271	437,194
Management and general	132,025	-	132,025	100,738
Special events	-	-	-	26,072
<b>Total Expenses</b>	<u>631,296</u>	<u>-</u>	<u>631,296</u>	<u>564,004</u>
<b>Changes in Net Assets</b>	21,520	-	21,520	10,599
<b>Net Assets - Beginning</b>	<u>255,419</u>	<u>-</u>	<u>255,419</u>	<u>244,819</u>
<b>Net Assets - Ending</b>	<u>\$ 276,939</u>	<u>\$ -</u>	<u>\$ 276,939</u>	<u>\$ 255,419</u>

See accompanying notes to financial statements

**Bay Ridge 5th Avenue District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

	<b>For the Year Ended <u>June 30, 2020</u></b>	<b>For the Year Ended <u>June 30, 2019</u></b>
<b>Operating Activities:</b>		
Changes in net assets	\$ 21,520	\$ 10,599
Adjustments to reconcile increase (decrease) to cash provided (used) by operating activities		
Provision for amortization/depreciation	12,117	15,644
(Increase) decrease in operating assets:		
Accounts receivable	(41,698)	(4,715)
Prepaid expenses	(1,268)	(1,795)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(14,062)	6,414
Prepaid assessment	-	(361,705)
Net cash (used in) operating activities:	<u>(23,391)</u>	<u>(335,558)</u>
<b>Investing Activities:</b>		
None	<u>-</u>	<u>-</u>
<b>Financing Activities:</b>		
None	<u>-</u>	<u>-</u>
<b>Net (decrease) in cash and cash equivalents</b>	(23,391)	(335,558)
<b>Cash and cash equivalents - beginning of period</b>	<u>254,790</u>	<u>590,348</u>
<b>Cash and cash equivalents - end of period</b>	<u>\$ 231,399</u>	<u>\$ 254,790</u>
<b>Supplemental Disclosures:</b>		
None		

See accompanying notes to financial statements

**Bay Ridge 5th Avenue District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statements of Functional Expenses**  
**For the Fiscal Year Ended June 30, 2020**  
**(with comparative totals for the Fiscal Year Ended June 30, 2019)**

	Program Services			Support Services			Total For the Year Ended June 30, 2020	Total For the Year Ended June 30, 2019
	Street Beautification and Maintenance	Security	Marketing and Promotion	Total Program Services	Management and General	Special Events		
<b>Expenses:</b>								
Sanitation	\$ 217,330	\$ -	\$ -	\$ 217,330	\$ -	\$ -	\$ 217,330	\$ 212,663
Holiday lighting	-	-	26,975	26,975	-	-	26,975	31,100
Security	-	38,987	-	38,987	-	-	38,987	46,198
Advertising and promotion	-	-	22,495	22,495	-	-	22,495	13,713
Banners and related maintenance	-	-	8,540	8,540	-	-	8,540	15,022
Plants, flowers and related supplies	15,318	-	-	15,318	-	-	15,318	23,447
Computer and website expenses	-	-	5,639	5,639	-	-	5,639	1,478
Payroll and payroll taxes	-	-	139,076	139,076	65,897	-	204,973	113,052
Contracted consultants	-	-	12,073	12,073	-	-	12,073	31,724
Administrative expenses	-	-	-	-	12,491	-	12,491	6,619
Rent	-	-	-	-	21,600	-	21,600	16,800
Storage fees	-	-	-	-	3,600	-	3,600	3,600
Professional fees	-	-	-	-	9,100	-	9,100	8,150
Meeting expenses	-	-	-	-	5,449	-	5,449	3,580
Insurance	-	-	-	-	3,909	-	3,909	7,180
Supplies and materials	-	-	-	-	3,860	-	3,860	2,383
Telephone and internet	-	-	-	-	1,720	-	1,720	2,080
Utilities - electric	-	-	-	-	2,130	-	2,130	1,004
Postage	-	-	1,810	1,810	-	-	1,810	769
Dues and subscriptions	-	-	-	-	1,055	-	1,055	621
Licenses and permits	-	-	-	-	-	-	-	7,053
Filing fees	-	-	-	-	125	-	125	125
	232,648	38,987	216,608	488,243	130,936	-	619,179	548,361
Depreciation expense	11,028	-	-	11,028	1,089	-	12,117	15,644
<b>Total expenses</b>	\$ 243,676	\$ 38,987	\$ 216,608	\$ 499,271	\$ 132,025	\$ -	\$ 631,296	\$ 564,005

See accompanying notes to financial statements



**Bay Ridge 5th Avenue District Management Association, Inc.**  
**(a not-for-profit organization)**  
**Statement of Functional Expenses**  
**For the Fiscal Year Ended June 30, 2019**

	Program Services			Support Services		Total For the Year Ended June 30, 2019	
	Street Beautification and Maintenance	Security	Marketing and Promotion	Total Program Services	Management and General		Special Events
<b>Expenses:</b>							
Sanitation	\$ 212,663	\$ -	\$ -	\$ 212,663	\$ -	\$ -	\$ 212,663
Holiday lighting	-	-	31,100	31,100	-	-	31,100
Security	-	46,198	-	46,198	-	-	46,198
Advertising and promotion	-	-	13,713	13,713	-	-	13,713
Banners and related maintenance	-	-	15,022	15,022	-	-	15,022
Plants, flowers and related supplies	23,447	-	-	23,447	-	-	23,447
Computer and website expenses	-	-	1,478	1,478	-	-	1,478
Payroll and payroll taxes	-	-	56,526	56,526	56,526	-	113,052
Contracted consultants	-	-	21,724	21,724	-	10,000	31,724
Administrative expenses	-	-	-	-	-	6,619	6,619
Rent	-	-	-	-	16,800	-	16,800
Storage fees	-	-	-	-	3,600	-	3,600
Professional fees	-	-	-	-	8,150	-	8,150
Meeting expenses	-	-	-	-	3,580	-	3,580
Insurance	-	-	-	-	4,780	2,400	7,180
Supplies and materials	-	-	-	-	2,383	-	2,383
Telephone and internet	-	-	-	-	2,080	-	2,080
Utilities - electric	-	-	-	-	1,004	-	1,004
Postage	-	-	769	769	-	-	769
Dues and subscriptions	-	-	-	-	621	-	621
Licenses and permits	-	-	-	-	-	7,053	7,053
Filing fees	-	-	-	-	125	-	125
	236,110	46,198	140,332	422,640	99,649	26,072	548,361
Depreciation expense	14,555	-	-	14,555	1,089	-	15,644
<b>Total expenses</b>	\$ 250,665	\$ 46,198	\$ 140,332	\$ 437,195	\$ 100,738	\$ 26,072	\$ 564,005

See accompanying notes to financial statements

**Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 – Organization**

The Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc. (the BID) was incorporated in New York State and organized in January 2007 to promote commercial revitalization along 5<sup>th</sup> Avenue from 65<sup>th</sup> to 85<sup>th</sup> Streets by providing supplemental services and initiating capital improvements to make the neighborhood cleaner, safer and more attractive.

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 November 30, 2020, 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***

The financial statements of the Central Fulton Street District Management Association, Inc. have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the BID to report information regarding its financial position and activities according to the following net asset classifications:

**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 BID. These net assets may be used at the discretion of the BID’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 the actions of the BID 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.

**Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**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.

***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.

***Depreciable Property***

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 Bay Ridge 5<sup>th</sup> Avenue 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 Bay Ridge 5<sup>th</sup> Avenue 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, 2019, from which the summarized information was derived.

**Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

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

***Uninsured Cash Balances***

The Federal Deposit Insurance Corporation (FDIC) insures deposit accounts for up to \$250,000 per depositor, per insured bank for each account ownership category. As of June 30, 2020 and 2019 the organization did not have any deposits which exceeded FDIC coverage.

**Note 4 – 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 Bay Ridge 5<sup>th</sup> Avenue District Management Association to provide the 5<sup>th</sup> Avenue area from 65<sup>th</sup> to 85<sup>th</sup> Streets with community improvements, including 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.

This contract has been renewed for another five-year term, which began July 1, 2016 and extends until June 30, 2021. Total assessments awarded by the City of New York, for the fiscal years ended June 30, 2020 and June 30, 2019, were \$534,000 and \$533,750, respectively.

**Note 5 – Contingency**

The Bay Ridge 5<sup>th</sup> Avenue 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 Bay Ridge 5<sup>th</sup> Avenue District Management Association to continue to provide its services.

**Note 6 – Liquidity and Funds Available**

The following reflects the BID's financial assets as of the statement of financial position date available to meet cash needs for general expenditures within one year.

<b>Financial assets at year end:</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Cash	\$ 239,939	\$ 254,790
Accounts receivable	<u>-</u>	<u>4,715</u>
Total assets available for general expenditure	<u>\$ 239,939</u>	<u>\$ 259,505</u>

As part of the BID's liquidity management plan, budgets are created annually and reviewed. Upon observing any potential budget deficits, the BID will review the expenses for any refinement or adjustment of services, review the assessment for potential increase and/or pursue additional grant/funding options.

**Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 7 – Depreciable Property**

Depreciable property at June 30, 2020 and 2019 consists of:

	<b>2020</b>	<b>2019</b>
Trash receptacles	\$ 123,976	\$ 123,976
Benches	44,500	44,500
Street planters	71,202	71,202
Bicycle racks	4,957	4,957
Leasehold improvements	10,891	10,891
Computer	<u>1,958</u>	<u>1,958</u>
Total depreciable property	<u>257,484</u>	<u>257,484</u>
Accumulated depreciation	<u>(237,279)</u>	<u>(225,162)</u>
Net depreciable property	<u>\$ 20,205</u>	<u>\$ 32,322</u>

Depreciation expense for June 30, 2020 and 2019 was \$12,117 and \$15,644, respectively.

**Note 8 – Service Contracts**

***Security Services Contract***

The Bay Ridge 5<sup>th</sup> Avenue District Management Association has a contract for security patrol services with Bay Ridge Security Service, Inc. The contract was for two years which began on June 1, 2018 and ended on June 30, 2020.

Security patrol fees expensed for the years ended June 30, 2020 and June 30, 2019 were \$38,987 and \$46,198, respectively.

***Sanitation Services Contract***

The Bay Ridge 5<sup>th</sup> Avenue District Management Association utilized Atlantic Maintenance Corporation, d/b/a Streetplus, for supplemental street sanitation services. A contract was signed for the period January 1, 2018 through December 31, 2019 and then continued on a monthly basis through July 31, 2020. Services were billed based on hours with an hourly rate of \$23.00 per service hour from 1/1/18 through 12/31/18; and an hourly rate of \$25.90 per service hour from 1/1/19 through 7/31/20.

Maintenance fees expensed for the period ended June 30, 2020 and 2019 were \$217,330 and \$212,663, respectively.

**Bay Ridge 5<sup>th</sup> Avenue District Management Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 9 – Office Lease**

On October 15<sup>th</sup>, 2017, the Bay Ridge 5<sup>th</sup> Avenue District Management Association signed a lease for space located at 480B 80<sup>th</sup> Street in Brooklyn, NY. The lease was for a ten-year term, beginning on November 1, 2017 and originally ending October 31, 2025. Annual rent for the first three years was \$16,800 per year, payable in equal monthly installments of \$1,400; annual rent for years four through six was \$18,000 per year, payable in equal monthly installments of \$1,500; annual rent for years seven through ten was \$19,200 per year, payable in equal monthly installments of \$1,600.

On August 1, 2019 a lease was signed for new office space and the organization moved its offices to the 2<sup>nd</sup> Floor at 482 80<sup>th</sup> Street, Brooklyn, NY. The lease is for a two-year term, beginning August 1, 2019 and ending July 31, 2021. Annual rent of \$21,600 is payable in equal monthly installments of \$1,800 for the two-year term.

Rent expense for the fiscal years ending June 30, 2020 and 2019 was \$21,600 and \$16,800, respectively.

**Note 10 - Corona Virus Outbreak**

In December 2019, a novel strain of coronavirus was reported and has subsequently spread around the world. The World Health Organization has declared the spread an outbreak which has impacted financial markets around the world. The extent of the impact of COVID-19 on the BID's operations has not been positive and will continue to depend on certain developments, including the duration and spread of the outbreak. At this point, the extent to which COVID-19 may impact the BID's future financial condition or its operations remains uncertain.

**Note 11 – Subsequent Events**

***Security Services Contract***

The Bay Ridge 5<sup>th</sup> Avenue District Management Association renewed its contract for security patrol services with Bay Ridge Security Service, Inc. The new contract is for one year beginning July 1, 2020 through June 30, 2021.

***Sanitation Services Contract***

The Bay Ridge 5<sup>th</sup> Avenue District Management Association hired Mydatt Services Inc., d/b/a Block by Block, for supplemental street sanitation services. A new contract was signed for the period August 1, 2020 through July 31, 2021 which can be renewed for a maximum of four one-year subsequent terms. Services will be billed monthly at \$19,151.99 per month for a maximum annual fee of \$229,822.56.