

**Bay Ridge 5th Avenue
District Management Association, Inc.**

Financial Statements

**Years Ended
June 30, 2022 and 2021**

Bay Ridge 5th Avenue District Management Association, Inc.

June 30, 2022 and 2021

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1444 86th Street • Brooklyn, NY 11228
Tel: 718-676-5845 • Fax: 718-676-5844

250 Park Avenue, 7th Floor
New York, NY 10177

227 Cannon Boulevard • Staten Island, NY 10306
Tel: 347-466-5510 • Fax: 347-466-5537

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Bay Ridge 5th Avenue District Management Association, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bay Ridge 5th Avenue District Management Association, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bay Ridge 5th Avenue District Management Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, that raise substantial doubt about Bay Ridge 5th Avenue District Management Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 generally accepted auditing standards 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards (GAAS), we:

- 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 Bay Ridge 5th Avenue 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bay Ridge 5th Avenue District Management Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Cipriani & Bauer

Cipriani & Bauer Certified Public Accountants, LLC
Brooklyn, New York
November 30, 2022

Bay Ridge 5th Avenue District Management Association, Inc.
(a not-for-profit organization)
Statements of Financial Position
June 30, 2022 and 2021

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and cash equivalents	\$ 298,857	\$ 284,111
Accounts receivable	38,826	20,309
Prepaid expenses	2,086	2,158
Total Current Assets:	<u>339,770</u>	<u>306,578</u>
 Depreciable Property:		
Depreciable property	269,916	257,484
Accumulated depreciation	<u>(252,439)</u>	<u>(246,378)</u>
Net Depreciable Property	<u>17,477</u>	<u>11,106</u>
 Security deposit	<u>-</u>	<u>135</u>
 Total Assets	<u>\$ 357,248</u>	<u>\$ 317,819</u>
 <u>Liabilities and Net Assets</u>		
 Liabilities:		
Accounts payable and accrued expenses	\$ 49,216	\$ 35,075
Total Liabilities	<u>49,216</u>	<u>35,075</u>
 Net Assets:		
Net assets without donor restrictions	308,032	282,744
Net assets with donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>308,032</u>	<u>282,744</u>
Total Liabilities and Net Assets	<u>\$ 357,248</u>	<u>\$ 317,819</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, 2022
(with comparative totals for the fiscal year ended June 30, 2021)

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total For the</u>	<u>Total For the</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Year Ended</u>	<u>Year Ended</u>
			<u>June 30, 2022</u>	<u>June 30, 2021</u>
Support and Revenue:				
Assessment revenue	\$ 534,000	\$ -	\$ 534,000	\$ 534,000
Special event income	28,078	-	28,078	11,450
Contributions and grant income	174,492	-	174,492	100,000
Interest income	969	-	969	894
Total Support and Revenue	<u>737,539</u>	<u>-</u>	<u>737,539</u>	<u>646,344</u>
Expenses:				
Program services	574,991	-	574,991	529,552
Management and general	111,139	-	111,139	110,987
Special events	26,122	-	26,122	-
Total Expenses	<u>712,251</u>	<u>-</u>	<u>712,251</u>	<u>640,539</u>
Changes in Net Assets	25,288	-	25,288	5,805
Net Assets - Beginning	<u>282,744</u>	<u>-</u>	<u>282,744</u>	<u>276,939</u>
Net Assets - Ending	<u>\$ 308,032</u>	<u>\$ -</u>	<u>\$ 308,032</u>	<u>\$ 282,744</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, 2022 and 2021

	For the Year Ended <u>June 30, 2022</u>	For the Year Ended <u>June 30, 2021</u>
Operating Activities:		
Changes in net assets	\$ 25,288	\$ 5,805
Adjustments to reconcile increase (decrease) to cash provided (used) by operating activities		
Provision for amortization/depreciation	6,061	9,099
(Increase) decrease in operating assets:		
Accounts receivable	(18,517)	26,104
Prepaid expenses	207	5,234
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	14,139	6,469
Net cash provided by operating activities:	<u>27,178</u>	<u>52,712</u>
Investing Activities:		
Trash receptacles	<u>(12,432)</u>	<u>-</u>
Financing Activities:		
None	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	14,746	52,712
Cash and cash equivalents - beginning of period	<u>284,111</u>	<u>231,399</u>
Cash and cash equivalents - end of period	<u>\$ 298,857</u>	<u>\$ 284,111</u>
Supplemental Disclosures:		
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, 2022
(with comparative totals for the Fiscal Year Ended June 30, 2021)

	Program Services			Support Services		Total for the Year Ended June 30, 2022	Total for the Year Ended June 30, 2021	
	Street Beautification and Maintenance	Security	Marketing and Promotion	Total Program Services	Management and General			Special Events
Expenses:								
Sanitation	\$ 227,524	\$ -	\$ -	\$ 227,524	\$ -	\$ -	\$ 227,524	\$ 223,707
Holiday lighting	-	-	71,130	71,130	-	-	71,130	59,578
Security	-	41,907	-	41,907	-	-	41,907	35,907
Advertising and promotion	-	-	31,336	31,336	-	-	31,336	21,025
Banners and related maintenance	-	-	5,177	5,177	-	-	5,177	2,154
Plants, flowers and related supplies	22,609	-	-	22,609	-	-	22,609	20,340
Computer and website expenses	-	-	3,964	3,964	-	-	3,964	4,740
Payroll and payroll taxes	42,195	21,098	84,390	147,683	63,293	-	210,975	202,784
Contracted consultants	-	-	1,000	1,000	-	8,500	9,500	-
Outside services	-	-	8,869	8,869	-	5,400	14,269	-
Administrative expenses	-	-	-	-	1,822	-	1,822	1,968
Rent	-	-	6,912	6,912	14,688	-	21,600	21,600
Storage fees	-	-	-	-	3,600	-	3,600	3,600
Professional fees	-	-	-	-	10,100	-	10,100	9,025
Meeting expenses	-	-	-	-	521	-	521	847
Insurance	-	-	-	-	9,192	1,700	10,892	5,224
Supplies and materials	-	-	1,602	1,602	927	1,424	3,953	12,726
Telephone and internet	-	-	-	-	2,244	-	2,244	2,288
Utilities - electric	-	-	-	-	2,967	-	2,967	2,952
Postage	-	-	306	306	-	-	306	157
Licenses and permits	-	-	-	-	-	9,098	9,098	-
Dues and subscriptions	-	-	-	-	571	-	571	692
Filing fees	-	-	-	-	125	-	125	125
	292,328	63,005	214,686	570,019	110,050	26,122	706,190	631,440
Depreciation expense	4,972	-	-	4,972	1,089	-	6,061	9,099
Total expenses	\$ 297,300	\$ 63,005	\$ 214,686	\$ 574,991	\$ 111,139	\$ 26,122	\$ 712,251	\$ 640,539

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, 2021

	<u>Program Services</u>			<u>Support Services</u>		<u>Total For the Year Ended June 30, 2021</u>	
	<u>Street Beautification and Maintenance</u>	<u>Security</u>	<u>Marketing and Promotion</u>	<u>Total Program Services</u>	<u>Management and General</u>		<u>Special Events</u>
Expenses:							
Sanitation	\$ 223,707	\$ -	\$ -	\$ 223,707	\$ -	\$ -	\$ 223,707
Holiday lighting	-	-	59,578	59,578	-	-	59,578
Security	-	35,907	-	35,907	-	-	35,907
Advertising and promotion	-	-	21,025	21,025	-	-	21,025
Banners and related maintenance	-	-	2,154	2,154	-	-	2,154
Plants, flowers and related supplies	20,340	-	-	20,340	-	-	20,340
Computer and website expenses	-	-	4,740	4,740	-	-	4,740
Payroll and payroll taxes	-	-	137,893	137,893	64,891	-	202,784
Administrative expenses	-	-	-	-	1,968	-	1,968
Rent	-	-	7,722	7,722	13,878	-	21,600
Storage fees	-	-	-	-	3,600	-	3,600
Professional fees	-	-	-	-	9,025	-	9,025
Meeting expenses	-	-	-	-	847	-	847
Insurance	-	-	-	-	5,224	-	5,224
Supplies and materials	-	-	8,318	8,318	4,408	-	12,726
Telephone and internet	-	-	-	-	2,288	-	2,288
Utilities - electric	-	-	-	-	2,952	-	2,952
Postage	-	-	157	157	-	-	157
Dues and subscriptions	-	-	-	-	692	-	692
Filing fees	-	-	-	-	125	-	125
	<u>244,047</u>	<u>35,907</u>	<u>241,588</u>	<u>521,542</u>	<u>109,898</u>	<u>-</u>	<u>631,440</u>
Depreciation expense	<u>8,010</u>	<u>-</u>	<u>-</u>	<u>8,010</u>	<u>1,089</u>	<u>-</u>	<u>9,099</u>
Total expenses	<u>\$ 252,057</u>	<u>\$ 35,907</u>	<u>\$ 241,588</u>	<u>\$ 529,552</u>	<u>\$ 110,987</u>	<u>\$ -</u>	<u>\$ 640,539</u>

See accompanying notes to financial statements

Bay Ridge 5th Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Note 1 – Organization

The Bay Ridge 5th Avenue District Management Association, Inc. (the BID) was incorporated in New York State and organized in January 2007 to promote commercial revitalization along 5th Avenue from 65th to 85th 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, 2022, 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 Bay Ridge 5th Avenue 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 5th Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

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 5th 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 5th 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, 2021, from which the summarized information was derived.

Bay Ridge 5th Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021 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 5th Avenue District Management Association to provide the 5th Avenue area from 65th to 85th 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 was renewed for another five-year term, which began July 1, 2021 and extends until June 30, 2026. Total assessments awarded by the City of New York, for the fiscal years ended June 30, 2022 and June 30, 2021, were \$534,000 and \$534,000, respectively.

Note 5 – Contingency

The Bay Ridge 5th 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 5th 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.

Financial assets at year end:	June 30, 2022	June 30, 2021
Cash	\$ 298,857	\$ 284,111
Accounts receivable	<u>38,826</u>	<u>20,309</u>
Total assets available for general expenditure	<u>\$ 337,683</u>	<u>\$ 304,420</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 5th Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Note 7 – Depreciable Property

Depreciable property at June 30, 2022 and 2021 consists of:

	2022	2021
Trash receptacles	\$ 136,408	\$ 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>269,916</u>	<u>257,484</u>
Accumulated depreciation	<u>(252,439)</u>	<u>(246,378)</u>
Net depreciable property	<u>\$ 17,477</u>	<u>\$ 11,106</u>

Depreciation expense for June 30, 2022 and 2021 was \$6,061 and \$9,099, respectively.

Note 8 – Service Contracts

Security Services Contract

The Bay Ridge 5th 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 and was renewed for another year July 1, 2020 through June 30, 2022.

Security patrol fees expensed for the years ended June 30, 2022 and June 30, 2021 were \$41,907 and \$35,907, respectively.

Sanitation Services Contract

The Bay Ridge 5th 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. The contract was renewed for another year from August 1, 2021 through July 31, 2022. Services were billed monthly at \$19,151.99 per month for a maximum annual fee of \$229,822.56.

Maintenance fees expensed for the period ended June 30, 2022 and 2021 were \$227,524 and \$223,707, respectively.

Bay Ridge 5th Avenue District Management Association, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Note 9 – Office Lease

On August 1, 2019, the Bay Ridge 5th Avenue District Management Association signed a lease for space located on the 2nd Floor at 482 80th Street in Brooklyn, NY. The lease was for a two-year term, beginning on August 1, 2019 and ending July 31, 2021. Annual rent of \$21,600 was payable in equal monthly installments of \$1,800 for the two-year term. The lease was renewed for another two-year term, beginning on August 1, 2021 and ending July 31, 2023. 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, 2022 and 2021 was \$21,600 and \$21,600, 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

FASB issued guidance in ASC 855 *Subsequent Events*. ASC 855 established general standards for accounting and disclosure of events occurring subsequent to the statement of financial position due date but prior to issuance of the financial statements. The organization has evaluated subsequent events through November 30, 2022, the date on which the financial statements were available to be issued.

Security Services Contract

The Bay Ridge 5th 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, 2022 through June 30, 2023.

Sanitation Services Contract

The Bay Ridge 5th Avenue District Management Association extended its contract with Mydatt Services Inc., d/b/a Block by Block, for supplemental street sanitation services. It was renewed for the period August 1, 2022 through July 31, 2023.