

**FLATBUSH AVENUE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

*Financial Statements
June 30, 2014 and 2013*

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

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June 30, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Flatbush Avenue District Management Association, Inc.
New York, New York

We have audited the accompanying financial statements of Flatbush Avenue District Management Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Flatbush Avenue District Management Association, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statement

The financial statements of Flatbush Avenue District Management Association, Inc. as of June 30, 2013 were audited by other auditors whose report dated January 16, 2014 expressed an unmodified opinion on those statements.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses for the year ended June 30, 2014 on page 8 is presented for purposes of additional analysis and is 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.



RAICH ENDE MALTER & CO. LLP
New York, New York
December 23, 2014

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Statements of Financial Position

| | <i>June 30,</i> | |
|---|-------------------|-------------------|
| | <u>2014</u> | <u>2013</u> |
| ASSETS | | |
| Cash | \$ 314,285 | \$ 277,762 |
| Prepaid expenses and other receivable | 1,822 | - |
| | <u>316,107</u> | <u>277,762</u> |
| <i>Property and Equipment</i> - at cost | | |
| Furniture and equipment | 4,880 | - |
| Less: Accumulated depreciation | 488 | - |
| | <u>4,392</u> | <u>-</u> |
| | <u>\$ 320,499</u> | <u>\$ 277,762</u> |
| LIABILITIES AND NET ASSETS | | |
| <i>Liabilities</i> | | |
| Accrued expenses | \$ 42,990 | \$ 48,240 |
| Due to CAMBA, Inc. | 29,144 | - |
| | <u>72,134</u> | <u>48,240</u> |
| <i>Net Assets</i> - unrestricted | <u>248,365</u> | <u>229,522</u> |
| | <u>\$ 320,499</u> | <u>\$ 277,762</u> |

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Statements of Activities

| | <i>For the Years Ended June 30,</i> | |
|--|---|-------------------|
| | <u>2014</u> | <u>2013</u> |
| Revenue | | |
| Assessments | \$ 314,520 | \$ 314,520 |
| Other | 12,399 | 10,789 |
| Interest | 621 | 764 |
| | <u>327,540</u> | <u>326,073</u> |
| Expenses | | |
| <i>Program services:</i> | | |
| Business Improvement District | 226,931 | 229,028 |
| <i>Supporting services:</i> | | |
| Management and general | 81,766 | 53,348 |
| | <u>308,697</u> | <u>282,376</u> |
| Change in Net Assets | 18,843 | 43,697 |
| Net Assets - unrestricted - beginning | <u>229,522</u> | <u>185,825</u> |
| Net Assets - unrestricted - end | <u>\$ 248,365</u> | <u>\$ 229,522</u> |

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Statements of Cash Flows

| | For the Years Ended June 30, | |
|--|---------------------------------|-------------------|
| | 2014 | 2013 |
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 18,843 | \$ 43,697 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 488 | - |
| (Increase) decrease in operating assets: | | |
| Prepaid expenses and other receivable | (1,822) | 1,186 |
| Increase (decrease) in operating liabilities: | | |
| Accrued expenses | (5,250) | 31,460 |
| Due to CAMBA, Inc. | 29,144 | - |
| | <u>41,403</u> | <u>76,343</u> |
| Cash Flows from Investing Activities | | |
| Additions to furniture and equipment | <u>(4,880)</u> | <u>-</u> |
| Net Increase in Cash | 36,523 | 76,343 |
| Cash - beginning | <u>277,762</u> | <u>201,419</u> |
| Cash - end | <u>\$ 314,285</u> | <u>\$ 277,762</u> |

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Notes to Financial Statements
June 30, 2014 and 2013

1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Nature of Activities** - Flatbush Avenue District Management Association, Inc. ("FADMA") was formed in 1988 under the New York not-for-profit corporation law for the purposes of promoting the general welfare of the people in the area described in the Flatbush Avenue District Plan. FADMA contracts with the New York City Department of Small Business Services to provide and oversee the operation and maintenance of improvements in the described area.
- b. **Basis of Accounting and Presentation** - The financial statements have been prepared on the accrual basis of accounting. FADMA reports 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. FADMA had no temporarily or permanently restricted net assets as of June 30, 2014 and 2013.
- c. **Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.
- d. **Property and Equipment** - Furniture and equipment are carried at cost. Depreciation is computed on the straight-line method over the estimated useful lives of five years for furniture and equipment.
- e. **Contributions** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.
- f. **Assessments** - FADMA receives all its assessment revenue from a special real property tax levy on community businesses which are collected by the New York City Department of Revenue.
- g. **Grants** - Government grant awards are classified as refundable advances until expended for the purposes of the grants because they are conditional.
- h. **Cash and Cash Equivalents** - FADMA considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2014 and 2013, FADMA has no cash equivalents.
- i. **Functional Allocation of Expenses** - In the accompanying statements of activities, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided that fulfill the purposes or mission for which the organization exists. Supporting activities are all activities of an organization other than program services.

- j. **Income Taxes** - FADMA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application state law.

FADMA may recognize the tax benefit from an uncertain tax position, including its tax-exempt status, only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended June 30, 2014 and 2013.

FADMA files an annual Form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction. FADMA is generally no longer subject to examination by the Internal Revenue Service for fiscal years before 2010.

2 - CONCENTRATIONS OF CREDIT RISK

FADMA maintains its cash in bank deposit accounts primarily in five commercial banks located in New York. The deposited funds are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Cash balance, from time to time, exceed federal insured limits. As of June 30, 2014 and 2013, all cash balances were insured.

3 - RELATED PARTY TRANSACTIONS

CAMBA, Inc. ("CAMBA"), a related party, provided FADMA with office space, professional fees, certain insurance costs, computer usage, personnel, and other services pursuant to written agreements. During the year ended June 30, 2014, FADMA incurred approximately \$68,000 for these administrative and personnel services.

The amount due to CAMBA, Inc. at June 30, 2014 was \$29,144.

4 - PENSION PLAN

For the year ended June 30, 2014, the FADMA's personnel were employees of CAMBA and are included in CAMBA's plan, when eligible. Contribution expense was \$3,250 for the year ended June 30, 2014 for the Organizations employees to CAMBA's plan and is included in payroll taxes and benefits in the accompanying statement of functional expenses.

5 - SUBSEQUENT EVENTS

FADMA has evaluated subsequent events through December 23, 2014, the date that the financial statements were available to be issued.

FLATBUSH AVENUE DISTRICT MANAGEMENT ASSOCIATION, INC.

Supplementary Information - Schedules of Functional Expenses

| | For the Years Ended June 30, | | | | | |
|-----------------------------------|-------------------------------|------------------------|------------|-------------------------------|------------------------|------------|
| | 2014 | | | 2013 | | |
| | Program Services | Supporting Services | Total | Program Services | Supporting Services | Total |
| | Business Improvement District | Management and General | Total | Business Improvement District | Management and General | Total |
| Salaries | \$ 18,076 | \$ 18,076 | \$ 36,152 | \$ 18,750 | \$ 18,750 | \$ 37,500 |
| Payroll taxes and benefits | 5,291 | 5,292 | 10,583 | 4,339 | 4,339 | 8,678 |
| Total employee remuneration | 23,367 | 23,368 | 46,735 | 23,089 | 23,089 | 46,178 |
| Holiday lighting | 15,725 | - | 15,725 | 14,050 | - | 14,050 |
| Maintenance and sanitation | 95,170 | - | 95,170 | 84,338 | - | 84,338 |
| Professional fees | - | 17,900 | 17,900 | - | 10,500 | 10,500 |
| Security | 44,398 | - | 44,398 | 60,882 | - | 60,882 |
| Promotional events | 5,147 | - | 5,147 | 10,916 | - | 10,916 |
| Promotion and advertising | 17,290 | - | 17,290 | 24,103 | - | 24,103 |
| Director's and officers insurance | - | 1,974 | 1,974 | - | 657 | 657 |
| Operating costs | 25,834 | 25,833 | 51,667 | 11,650 | 11,650 | 23,300 |
| Rent | - | 6,757 | 6,757 | - | 5,400 | 5,400 |
| Depreciation | - | 488 | 488 | - | - | - |
| Office expense | - | 1,750 | 1,750 | - | 1,988 | 1,988 |
| Miscellaneous | - | 3,696 | 3,696 | - | 64 | 64 |
| | \$ 226,931 | \$ 81,766 | \$ 308,697 | \$ 229,028 | \$ 53,348 | \$ 282,376 |

See independent auditors' report on supplementary information.