

**MORRIS PARK DISTRICT MANAGEMENT
ASSOCIATION, INC**

FINANCIAL STATEMENTS

JUNE 30, 2023

(With Independent's Auditor Report)

Audited Financial Statements

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

AS OF JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Morris Park District Management Association, Inc
Bronx, NY

Opinion

I have audited the accompanying financial statements of **Morris Park District Management Association Inc**, which comprise of the statement of financial position as of June 30, 2023 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Morris Park District Management Association, Inc** as of June 30, 2023 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of **Morris Park District Management Association Inc** and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 **Morris Park 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

My 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 my 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 omission, misrepresentation, 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, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements 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 **Morris Park 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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Morris Park District Management Association Inc's** ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

The previously audited financial statements of **Morris Park District Management Association, Inc** as of June 30, 2022 were audited by other auditors who expressed an unmodified audit opinion on those audited financial statements in their report dated October 18, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink, appearing to be 'Sturo', with a large, sweeping underline.

Linden, NJ
September 12, 2023

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2023

(With comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents- Note 4	\$ 177,462	\$ 169,279
Grants receivable- Note 5	25,748	38,015
Total Current Assets	<u>203,210</u>	<u>207,294</u>
Rent security deposit	2,400	2,400
Fixed assets-net- Note 6	1,301	10,525
TOTAL ASSETS	<u>\$ 206,911</u>	<u>\$ 220,219</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses payable	\$ 6,537	\$ 10,888
NET ASSETS		
Without donor restrictions	200,374	209,331
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 206,911</u>	<u>\$ 220,219</u>

See accompanying notes to financial statements.

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****FOR THE YEAR ENDED JUNE 30, 2023****(With comparative totals for 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
REVENUE				
Assessment revenue	\$ 390,000		390,000	390,000
Grants and contributions		190,000	190,000	150,511
Interest income	1,537		1,537	386
Other income	853		853	1,054
Total revenue	<u>392,390</u>	<u>190,000</u>	<u>582,390</u>	<u>541,951</u>
Net assets released from restrictions	190,000	(190,000)		
Total revenue	<u>582,390</u>	<u>-</u>	<u>582,390</u>	<u>541,951</u>
EXPENSES				
Programs	528,422		528,422	456,964
Management and general	62,925		62,925	55,666
Total expenses	<u>591,347</u>	<u>-</u>	<u>591,347</u>	<u>512,630</u>
CHANGES IN NET ASSETS	(8,957)	-	(8,957)	29,321
NET ASSETS AT BEGINNING OF YEAR	<u>209,331</u>		<u>209,331</u>	<u>180,010</u>
NET ASSETS AT END OF YEAR	<u>\$ 200,374</u>	<u>\$ -</u>	<u>\$ 200,374</u>	<u>\$ 209,331</u>

See accompanying notes to financial statements.

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2023
(With comparative totals for 2022)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (8,957)	\$ 29,321
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	9,224	9,224
Decrease (increase in) operating assets:		
Grant receivable	12,267	(16,926)
Prepaid expenses		353
Increase (decrease) in operating liabilities:		
Accrued expenses payable	(4,351)	(6,473)
	<hr/>	<hr/>
Net Cash Provided By Operating Activities Representing Net Increase In Cash	8,183	15,499
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>169,279</u>	<u>153,780</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>\$ 177,462</u></u>	<u><u>\$ 169,279</u></u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest expense paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023
 (With comparative totals for 2022)

Expenses	PROGRAM SERVICES					MANAGEMENT AND GENERAL	2023 TOTAL	2022 TOTAL
	SANITATION	MARKETING & PROMOTIONS	BEAUTIFICATION	TOTAL PROGRAMS SERVICES				
Salaries and fringe benefits	\$ 57,148	\$ 57,148	\$ 68,577	\$ 182,872	\$ 45,718	\$ 228,590	\$ 203,827	
Professional fees	750	750	900	2,400	600	3,000	3,000	
Consultants and contractual services	4,709	4,709	5,650	15,067	3,767	18,834	17,329	
Advertising		19,110		19,110	-	19,110	13,019	
Office supplies and expenses	3,037	3,037	3,644	9,717	2,429	12,146	14,692	
Travel and conference	1,258	1,258	1,510	4,026	1,006	5,032	1,765	
Telecommunication	2,231	2,231	2,677	7,138	1,785	8,923	6,666	
Occupancy	5,093	5,093	6,112	16,298	4,074	20,372	19,217	
Holiday lights			23,440	23,440	-	23,440	22,800	
Sidewalk cleaning	138,278			138,278	-	138,278	136,585	
Beautification cost			67,170	67,170	-	67,170	55,329	
Insurance	895	895	1,073	2,862	716	3,578	2,613	
Promotions and events		28,722		28,722	-	28,722	6,465	
Miscellaneous	1,232	1,232	1,478	3,942	986	4,928		
Depreciation	2,306	2,306	2,767	7,379	1,845	9,224	9,224	
Total Expenses	\$ 216,935	\$ 126,489	\$ 184,998	\$ 528,422	\$ 62,925	\$ 591,347	\$ 512,531	

See accompanying notes to financial statements.

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2023

NOTE 1 ORGANIZATION

Morris Park District Management Association, Inc ("Morris") was incorporated under the not-for-profit laws of the State of New York in May 2018. Morris main purpose is to manage the Morris Park Business Improvement District (BID). The BID is a twenty-block shopping district designated by the City of New York, that is located in the Morris Park section of Bronx, NY.

Morris entered into a contract with the City of New York ("City") to provide the following services to the BID: sanitation, marketing and promotion, public safety, economic development, beautification, advocacy and management. The contract will expire June 30, 2023

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles. The following is a summary of the significant accounting policies followed by The Organization:

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Capitalization and Depreciation

Fixed assets are recorded at cost. Depreciation is recorded using the straight line method over the estimated useful life of the assets as follow:

Leasehold improvement	5 years
Furniture and equipment	5-7 years

Revenue Recognition

Grants and contributions

The Organization's revenue relating to contributions received, including unconditional promises to give, is recognized as revenue in the period received at its fair values and the Organization distinguishes such contributions received for each net asset category in accordance with donor-imposed restrictions.

Assessment revenue

As per the contract with The City stated in Note 1, Morris received the proceeds of the special assessments levied by The City on the real properties located within The Morris Park BID district.

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2023

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

Cash and cash equivalents include demand and money market accounts. All short-term investments with an original maturity of three months or less are considered cash equivalents.

Income Taxes

The Organization was organized as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal, State and City income taxes based upon this letter of determination issued by the Internal Revenue Service.

Morris has no uncertain tax positions as of June 30, 2020 and for the prior years in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes", which provides standards for establishing and classifying tax provisions for uncertain tax positions. The Organization is no longer subject to federal, state and local income tax examinations by tax authorities for years ended before June 30, 2020.

Financial Statement Presentation

The Organization's financial statements adhere to the established standards for external financial statements provided by not-for-profit organizations which require that resources be classified for accounting and reporting purposes into two of net assets - Net assets without donor restrictions and Net assets with donor restrictions.

Functional Allocation of Expenses

The cost of programs and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on same allocation as salaries and benefits. Salaries and benefits have been allocated based upon employees' time and effort to each function.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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 those estimates.

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2023

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES - Continued

Subsequent Events

Morris has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through September 12, 2023, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through September 12, 2023, which would require adjustment to or disclosure in the accompanying financial statements.

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES FOR OPERATING EXPENDITURES

Morris regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. There are various sources of liquidity at its disposal, including cash and cash equivalents.

For the purpose of analyzing resources available to meet general expenditures over a 12-month periods. Morris considers all expenditures related to its ongoing activities stated in Note 1.

In addition to financial assets available to meet general expenditures over the next 12 months, Morris expects to operate at a surplus and anticipates collecting sufficient revenue to cover general expenditures.

As of June 30, 2023, the financial assets available to meet general expenditures over the next 12 months were as follows:

	<u>Amount</u>
Cash and cash equivalents	\$ 177,462
Grants receivable	25,748
Total	<u><u>\$ 203,210</u></u>

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023 consisted of the following

	<u>Amount</u>
Operating accounts	\$ 98,139
CD	79,323
Total Cash	<u><u>\$ 177,462</u></u>

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2023

NOTE 5 GRANTS RECEIVABLE

Grants receivable as of June 30, 2023. consisted of the following

	<u>Amount</u>
NYC Department of Small Business Service	\$ 25,748
NYC Department of Youth and Community Development	
Total	<u><u>\$ 25,748</u></u>

NOTE 6 FIXED ASSETS

Fixed assets as of June 30, 2023 consisted of the following:

	<u>Amount</u>
Leasehold improvement	\$ 30,356
Equipment	8,175
Total	<u>38,531</u>
Less-accumulated depreciation	<u>(37,230)</u>
Net Book Value	<u><u>\$ 1,301</u></u>

NOTE 7 COMMITMENT

In February 2019, Morris entered into an operating lease agreement for its office space. The lease will expire on January 31, 2024 and has an option to extend it for an additional five years which was exercised and will expire January 31, 2029.

Future lease payments are as follows

<u>For Years Ending June 30</u>	<u>Amount</u>
2024	\$ 17,175
2025	18,075
2026	18,975
2027	19,875
2028	20,775
2029	12,425
	<u><u>\$ 107,300</u></u>

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2023

NOTE 8 PROGRAM GRANTS

Certain government and other grants may be subject to an audit by its funding source. No provision has been made for any liabilities which may arise from such audits since the amounts, if any cannot be determined at this point in time. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.