

**MORRIS PARK DISTRICT MANAGEMENT
ASSOCIATION, INC**

FINANCIAL STATEMENTS

JUNE 30, 2022

(With Independent's Auditor Report)

Audited Financial Statements

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

AS OF JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of **Morris Park District Management Association, Inc** which comprise of the consolidated statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses 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 statement 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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, 2022 and the results of its operations and its cash flows for the year ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The previously audited financial statements of **Morris Park District Management Association, Inc** as of June 30, 2021 were audited by other auditors who expressed an unmodified audit opinion on those audited financial statements in their report dated September 27, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 read "S. Lind", with a long horizontal flourish underneath.

Linden, NJ
October 18, 2022

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2022

(With comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents- Note 4	\$ 169,279	\$ 153,780
Grants receivable- Note 5	38,015	21,089
Prepaid expenses		353
Total Current Assets	<u>207,294</u>	<u>175,222</u>
Rent security deposit	2,400	2,400
Fixed assets-net- Note 6	10,525	19,749
TOTAL ASSETS	<u>\$ 220,219</u>	<u>\$ 197,371</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses payable	\$ 10,888	\$ 17,361
NET ASSETS		
Without donor restrictions	<u>209,331</u>	<u>180,010</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 220,219</u>	<u>\$ 197,371</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, 2022

(With comparative totals for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021* Total</u>
REVENUE				
Assessment revenue	\$ 390,000		390,000	390,000
Grants and contributions		150,511	150,511	80,500
Interest income	386		386	714
Credit card points			-	2,989
Other income	1,054		1,054	
Total revenue	<u>391,440</u>	<u>150,511</u>	<u>541,951</u>	<u>474,203</u>
Net assets released from restrictions	150,511	(150,511)		
Total revenue	<u>541,951</u>	<u>-</u>	<u>541,951</u>	<u>474,203</u>
EXPENSES				
Programs	456,964		456,964	407,456
Management and general	55,666		55,666	63,776
Total expenses	<u>512,630</u>	<u>-</u>	<u>512,630</u>	<u>471,232</u>
CHANGES IN NET ASSETS	29,321	-	29,321	2,971
NET ASSETS AT BEGINNING OF YEAR	<u>180,010</u>		<u>180,010</u>	<u>177,039</u>
NET ASSETS AT END OF YEAR	<u>\$ 209,331</u>	<u>\$ -</u>	<u>\$ 209,331</u>	<u>\$ 180,010</u>

See accompanying notes to financial statements.

* Some amounts were reclassified for comparative purposes.

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 29,321	\$ 2,971
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	(16,926)	(21,088)
Prepaid expenses	353	(353)
Increase (decrease) in operating liabilities:		
Accrued expenses payable	(6,473)	(2,100)
Net Cash Provided By Operating Activities	<u>15,499</u>	<u>(11,347)</u>
Cash Flows From Financing Activities		
Loan payable proceeds		35,484
Loan payable repayment		<u>(35,484)</u>
		<u>-</u>
Net increase in cash	15,499	(11,347)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>153,780</u>	<u>165,127</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 169,279</u>	<u>\$ 153,780</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest expense paid	<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, 2022
(With comparative totals for 2021)

Expenses	PROGRAM SERVICES						2022 TOTAL	2021* TOTAL
	SANITATION	MARKETING & PROMOTIONS	BEAUTIFICATION	TOTAL PROGRAMS SERVICES	MANAGEMENT AND GENERAL			
Salaries and fringe benefits	\$ 50,957	\$ 50,957	\$ 61,148	\$ 163,062	\$ 40,765	\$ 203,827	\$ 169,863	
Professional fees	750	750	900	2,400	600	3,000	3,000	
Consultants and contractual services	4,332	4,332	5,199	13,863	3,466	17,329	15,727	
Advertising		13,019		13,019		13,019	11,343	
Office supplies and expenses	3,673	3,673	4,408	11,754	2,938	14,692	19,477	
Travel and conference	441	441	530	1,412	353	1,765	1,349	
Telecommunication	1,667	1,667	2,000	5,334	1,332	6,666	6,274	
Occupancy	4,804	4,804	5,765	15,373	3,844	19,217	18,842	
Holiday lights		22,800		22,800	-	22,800	17,900	
Sidewalk cleaning	136,585			136,585	-	136,585	135,540	
Beautification cost							47,970	
Insurance	653	653	55,329	55,329	523	55,329	1,497	
Promotions and events			784	784		2,613	13,226	
Depreciation	2,306	2,306	2,767	7,379	1,845	9,224	9,224	
Total Expenses	\$ 206,168	\$ 111,966	\$ 138,830	\$ 456,964	\$ 55,666	\$ 512,630	\$ 471,232	

See accompanying notes to financial statements.

* Some amounts were reclassified for comparative purposes.

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

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, 2022

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, 2019 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, 2019.

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 present 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, 2022

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 October 18, 2022, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through October 18, 2022, 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, 2022, the financial assets available to meet general expenditures over the next 12 months were as follows:

	<u>Amount</u>
Cash and cash equivalents	\$ 169,279
Grants receivable	38,015
Total	<u><u>\$ 207,294</u></u>

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022 consisted of the following

	<u>Amount</u>
Operating accounts	\$ 91,492
CD	77,787
Total Cash	<u><u>\$ 169,279</u></u>

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

NOTE 5 GRANTS RECEIVABLE

Grants receivable as of June 30, 2022. consisted of the following

	<u>Amount</u>
NYC Department of Small Business Service	\$ 18,015
NYC Department of Youth and Community Development	<u>20,000</u>
Total	<u><u>\$ 38,015</u></u>

NOTE 6 FIXED ASSETS

Fixed assets as of June 30, 2022 consisted of the following:

	<u>Amount</u>
Leasehold improvement	\$ 30,356
Equipment	8,175
Total	<u>38,531</u>
Less-accumulated depreciation	<u>(28,006)</u>
Net Book Value	<u><u>\$ 10,525</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.

Future lease payments are as follows

<u>For Years Ending June 30</u>	<u>Amount</u>
2023	\$ 16,450
2024	9,800
Total	<u><u>\$ 26,250</u></u>

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

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.