

MORRIS PARK
DISTRICT MANAGEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021

TYRONE ANTHONY SELLERS
Certified Public Accountant

MORRIS PARK
DISTRICT MANAGEMENT ASSOCIATION, INC.

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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. (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and the related statements of activities and change in net assets, 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 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

My responsibility is to express an opinion on these financial statements based on my audit. 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 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, I 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.

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, 2021, and the change in its net assets and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Morris Park District Management Association, Inc.'s financial statements, and expressed an unmodified opinion on those financial statements in my report dated November 3, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Saint Albans, New York
September 27, 2021

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash	\$ 153,780	\$ 165,127
Grant receivable	21,089	—
Prepaid Expense	353	—
Total Current Assets	<u>175,222</u>	<u>165,127</u>
<u>Fixed Assets</u>		
Leasehold Improvements	30,356	30,356
Office Furniture & Equipment	8,175	8,175
Less Accumulated Depreciation	<u>(18,782)</u>	<u>(9,558)</u>
Total Fixed Assets	<u>19,749</u>	<u>28,973</u>
<u>Other Asset</u>		
Rent security deposit	<u>2,400</u>	<u>2,400</u>
Total Assets	<u>\$ 197,371</u>	<u>\$ 196,500</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 17,361	\$ 19,461
<u>Net Assets</u>		
Without donor restrictions	<u>180,010</u>	<u>177,039</u>
Total Liabilities and Net Assets	<u>\$ 197,371</u>	<u>\$ 196,500</u>

The accompanying notes are an integral part of these statements.

TYRONE ANTHONY SELLERS
Certified Public Accountant

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARITIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2021 <u>Total</u>	2020 <u>Total</u>
<u>Revenues and other support</u>				
Assessment Revenue	\$ 390,000	\$ -	\$ 390,000	\$ 390,000
Grant Income	80,000	—	80,000	25,000
Contributions	500	—	500	—
Credit Card Points	2,989	—	2,989	11
Interest Income	714	—	714	1,655
	<u>474,203</u>	<u>—</u>	<u>474,203</u>	<u>416,666</u>
Total before net assets released from restrictions				
	474,203	—	474,203	416,666
Net assets released from restrictions:				
Satisfaction of program restrictions	—	—	—	—
Expiration of time restrictions	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues, gains, and other support	<u>474,203</u>	<u>—</u>	<u>474,203</u>	<u>416,666</u>
<u>Expenses</u>				
Sanitation	191,834	—	191,834	146,961
Marketing & Promotions	105,217	—	105,217	94,810
Public Safety	400	—	400	12,746
Economic Development	—	—	—	20,190
Beautification	110,005	—	110,005	14,435
Management and General	63,776	—	63,776	71,777
	<u>471,232</u>	<u>—</u>	<u>471,232</u>	<u>360,919</u>
Total expenses and losses				
	471,232	—	471,232	360,919
Change in Net Assets	2,971	—	2,971	55,747
Net assets at beginning of year	<u>177,039</u>	<u>—</u>	<u>177,039</u>	<u>121,292</u>
Net assets at end of year	<u>\$ 180,010</u>	<u>\$ -</u>	<u>\$ 180,010</u>	<u>\$ 177,039</u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES				Management and General	2021 Total Expenses	2020 Total Expenses
	Sanitation	Marketing & Promotions	Public Safety	Beautification			
Payroll, payroll taxes and fringe	\$ 42,466	\$ 42,466	\$ -	\$ 50,959	\$ 33,973	\$ 169,863	\$ 90,587
Consultants	—	—	—	3,750	11,700	15,450	12,844
Contracted Services	—	—	—	—	3,277	3,277	2,431
Office and Related Costs	6,438	11,820	—	1,849	5,644	25,751	25,591
Advertising Expense	—	11,237	—	90	16	11,343	10,185
Occupancy Costs	4,711	3,132	—	6,000	5,000	18,842	17,322
Insurance	374	374	—	449	299	1,497	3,441
Public Safety Expenses	—	—	400	—	—	400	1,500
Holiday Lights	—	17,900	—	—	—	17,900	17,900
Supplemental Sidewalk Cleaning	135,540	—	—	—	—	135,540	135,715
Beautification Expenses	—	3,429	—	44,141	—	47,570	3,189
Promotions and Events	—	13,116	—	—	110	13,226	27,043
Travel, Meetings and Related Costs	—	—	—	—	1,349	1,349	6,200
Depreciation	2,306	1,743	—	2,767	2,408	9,224	6,971
Total	<u>\$ 191,834</u>	<u>\$ 105,217</u>	<u>\$ 400</u>	<u>\$ 110,005</u>	<u>\$ 63,776</u>	<u>\$ 471,232</u>	<u>\$ 360,919</u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

MORRIS PARK DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	2,971	\$ 55,747
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities</u>		
Depreciation expense	9,224	6,971
Decrease (increase) in operating assets		
Grant receivable	(21,089)	-
Prepaid expense	(353)	2,333
Increase (decrease) in operating liabilities		
Accounts payable	<u>(2,100)</u>	<u>(10,829)</u>
Net cash provided by operating activities	<u>(11,347)</u>	<u>54,222</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of leasehold improvements	—	(6,375)
Purchase of office furniture & equipment	<u>—</u>	<u>(5,230)</u>
Net cash used in investing activities	<u>—</u>	<u>(11,605)</u>
<u>Cash Flows From Financing Activities</u>		
Fund for the City of NY loan proceeds	35,484	-
Fund for the City of NY loan payment	<u>(35,484)</u>	<u>—</u>
Net cash used in investing activities	<u>—</u>	<u>—</u>
Net increase in cash	(11,347)	42,617
Cash balance at beginning of year	<u>165,127</u>	<u>122,510</u>
Cash balance at end of year	<u>\$ 153,780</u>	<u>\$ 165,127</u>
<u>Supplemental Information for Cash Flows</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

MORRIS PARK
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Morris Park District Management Association, Inc. (the “Organization”) was incorporated on May 18, 2018 under Section 402 of the Not-For-Profit Corporation Law of the State of New York. The primary purpose of the Organization is to manage the Morris Park Business Improvement District (“MPBID”), a twenty-block shopping district on Morris Park Avenue between Amethyst Street and Williamsbridge Road in the Morris Park section of Bronx, New York. The Organization entered into a contract with the City of New York to provide the MPBID with the following core supplemental services; sanitation, marketing and promotions, public safety, economic development, beautification, and administration and advocacy.

A summary of significant accounting policies of the Organization are as follows.

Basis of Accounting – The accompanying financial statements were prepared on the accrual basis of accounting.

Capitalization and Depreciation – Fixed Assets are recorded at cost and are capitalized and depreciated over their estimated service lives, five years, using the straight-line method of depreciation. Leasehold improvements were recorded at cost and are being amortized over the term of the office lease, five years, using the straight-line method. The estimated service life of the assets for depreciation purposes may be different from their actual economic useful lives.

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2018 and subsequent remain subject to examination by applicable taxing authorities.

Contributions – Contributions are recorded as contributions with donor restrictions or contributions without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor is reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of the passage of time, or other events specified by donors. Donor restricted contributions received and expensed in the same fiscal year are reflected as contributions without donor restrictions.

Financial Statements – 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 classes of net assets – with donor restrictions and without donor restrictions. All other net assets, including board-designated or appropriated amounts, are reported as part of the without donor restrictions class.

The financial statements include certain prior year summarized comparative financial information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Functional Expense – Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses can be attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, occupancy costs, insurance, office expenses and related costs, and payroll, payroll taxes and fringe, which are allocated on the basis of estimates of time and effort.

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MORRIS PARK
DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents – The Organization maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash. For purposes of the balance sheet and statement of cash flows, the Organization considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. As of June 30, 2021, there were no accounts considered to be cash equivalents.

Subsequent Events – Management has reviewed and evaluated all events and transactions from June 30, 2020 through September 27, 2021, the date that the financial statements were available to be issued. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet date have been recognized in the accompanying financial statements. In early 2020, the coronavirus, COVID-19 had spread to the United States and caused business disruption in the area in which the Organization primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this disruption. At this time, the financial impact and duration cannot be reasonably estimated.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$175,222 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$153,780, grant receivables of \$21,089 and prepaid expenses of \$353. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash and/or short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$64,110. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 – ASSESSMENT REVENUE

The Organization entered into a contract with the City of New York acting through its agency, Department of Small Business Services, to provide the BID with the following supplemental services; Sanitation and Maintenance, District Promotion, Administration, and additional services which may be determine useful to the BID. The contract is for a five-year period commencing July 1, 2018 and ending June 30, 2023 and may be renewed for another five years at the sole discretion of the City of New York.

The City of New York (“City”) agreed to pay the Organization all the proceeds actually collected by the City pursuant to a special assessment levied by the City upon real property within the MPBID. The assessments collected and received for the fiscal years ended June 30, 2021 and 2020 was \$390,000 and \$390,000, respectively. The amount due from the City as of June 30, 2021 and 2020 was \$-0- and \$-0-, respectively.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 4 – OPERATING LEASE

The Organization has a rental lease agreement for its office space located at 966 Morris Park Avenue, Bronx, NY. The rental lease expires January 31, 2024. The required annual rent lease payments for the remaining years of the lease are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 15,850
2023	16,450
2024	<u>9,800</u>
Total	<u>\$ 42,100</u>

Future change in accounting principle – *Accounting for Leases ASC 842*. The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes, operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating, or finance will be done in a manner similar to the existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and non-lease components in an arrangement.

The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Organization is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Note 5 – GRANT INCOME

Grant income for the years ended June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
NYC Department of Small Business Services	\$ 80,000	\$ 15,000
NYS Department of Economic Development	<u>-0-</u>	<u>10,000</u>
Total	<u>\$ 80,000</u>	<u>\$ 25,000</u>

Note 6 – GRANT RECEIVABLE

Grant receivable as of June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
NYC Department of Small Business Services	<u>\$ 21,089</u>	<u>\$ -0-</u>

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DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 7 – LOAN PAYABLE

The Organization may at times take out a non-interest-bearing loan from the Fund for the City of New York (“FCNY”) against grants receivables due from government agencies of the City of New York. During the year ended June 30, 2021, the Organization borrowed \$35,484 from FCNY against the grant receivable from New York City Small Business Services Avenue NYC grant. The loan was repaid before the year ended June 30, 2021.

Note 8 – IN KIND DONATIONS

Donated services, including in-kind donations meeting the criteria for recognition in the financial statements are reflected as in-kind donations at their estimated fair value at the date of receipt. During the months of October 2020 through June 2021, on a weekly basis the Organization distributed fruits and other produce to persons within the community that surrounds the BID. The food was donated through another organization by a program funded by the City of New York. The actual value of the food distribution cannot be quantified and as such cannot be included in the financial statements.

Note 9 – PROGRAM GRANTS

Certain government and other grants may be subject to audit by the funding sources. 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.