

**WOODHULL COMMUNITY DISTRICT  
MANAGEMENT ASSOCIATION, INC.**  
(A NOT-FOR-PROFIT ORGANIZATION)

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.  
(A NOT-FOR-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Woodhull Community District Management Association, Inc.

### Opinion

We have audited the accompanying financial statements of Woodhull Community District Management Association, Inc. (a nonprofit 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 financial statements referred to above present fairly, in all material respects, the financial position of Woodhull Community 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. 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 Woodhull Community District Management Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Woodhull Community 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, 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 Woodhull Community 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 Woodhull Community 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.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 11 and 12 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.



Lake Success, New York  
November 22, 2022

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30,**

**ASSETS**

	<b>2022</b>	<b>2021</b>
<b>Assets:</b>		
Cash and equivalents	\$ 115,336	\$ 147,334
Accounts receivable	-	1,800
Grants receivable	609	609
Prepaid expenses	5,895	3,097
Right of use asset - rental lease	29,913	49,854
Security deposits	1,300	1,300
	<b>\$ 153,053</b>	<b>\$ 203,994</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 5,500	\$ 5,500
Lease liability - rental lease	31,398	51,621
	<b>36,898</b>	<b>57,121</b>
<b>Net Assets:</b>		
Without donor restrictions	116,155	146,873
	<b>116,155</b>	<b>146,873</b>
	<b>\$ 153,053</b>	<b>\$ 203,994</b>

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30,**

	<b>2022</b>			<b>2021</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
<b>Support and revenues:</b>				
Assessments	\$ 215,000	\$ -	\$ 215,000	\$ 215,000
Festival income	4,500	-	4,500	-
Office service income	3,600	-	3,600	3,600
Other income	5,000	-	5,000	1,335
<b>Total support and revenues</b>	<b>228,100</b>	<b>-</b>	<b>228,100</b>	<b>219,935</b>
<b>Expenses:</b>				
Program services:				
Supplemental business services	194,969	-	194,969	154,975
Supportive services:				
Management and general	53,105	-	53,105	47,645
Fundraising	10,744	-	10,744	6,955
<b>Total expenses</b>	<b>258,818</b>	<b>-</b>	<b>258,818</b>	<b>209,575</b>
<b>Change in Net Assets</b>	<b>(30,718)</b>	<b>-</b>	<b>(30,718)</b>	<b>10,360</b>
Net Assets - beginning of year	146,873	-	146,873	136,513
Prior period adjustment				-
Net Assets - end of year	<b>\$ 116,155</b>	<b>\$ -</b>	<b>\$ 116,155</b>	<b>\$ 146,873</b>

The accompanying notes are an integral part of these financial statements.

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30,**

	<b>2022</b>	<b>2021</b>
<b>Cash flow from operating activities:</b>		
Changes in net assets	\$ (30,718)	\$ 10,360
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	1,800	-
Prepaid expenses	(2,798)	(92)
Right of use asset - rental lease	19,941	19,941
Accounts payable and accrued expenses	-	500
Lease liability - rental lease	(20,223)	(19,634)
Net cash provided (used) by operating activities	(31,998)	11,075
Net increase (decrease) in cash	(31,998)	11,075
Cash at the beginning of the year	147,334	136,259
Cash at the end of the year	\$ 115,336	\$ 147,334
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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**NOTE 1: ORGANIZATION AND TAX STATUS**

Woodhull Community District Management Association, Inc., (the “Organization”) was formed in 1983 under Section 402 of the Not-for-Profit Corporation Law of the State of New York. The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The corporation was formed for the public purposes of promoting the general welfare of the people in the Business Improvement District (“BID”) improving neighborhood conditions and improving the environment. The BID is in Brooklyn, NY, and is known as the Graham Avenue Business Improvement District.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Accounting and Basis of Presentation

The accompanying financial statements include all amounts of the Organization and have been prepared on the accrual basis of accounting. The net assets, revenues, gains and expenses of the Organization are classified based on the existence or absence of donor-imposed restrictions, as permanently restricted, temporarily restricted or unrestricted.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Tax Status

The BID is exempt from federal income taxes under Section 501c(3) of the Internal Revenue Code. The Organization files its form 990, Return of Organization Exempt from Income Tax, in the U.S. federal jurisdiction. The Organization is subject to examination by the Internal Revenue Service for fiscal years after 2016.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value of the date of donation. Depreciation is computed using primarily the straight-line method, over the lives of the related assets.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards No. 117 ASC 958 (“SFAS No. 117 ASC 958”), Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117 ASC 958, the BID is required to report 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.



**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT.**

Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard Update “FASB ASU No. 2016-14, Not-for-Profit Entities (958), Presentation of Financial Statements of Not-for-Profit Entities.” Under FASB ASU 2016-14, the Organization is required to present information regarding its financial position and activities according to two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net Assets without Donor Restrictions* – Net assets without restrictions are resources available to support activities. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

*Net Assets with Donor Restrictions* – Net assets with donor restrictions are resources that are restricted by a donor for use of a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor’s instructions.

The organization’s unspent contributions are included in this class if the donor limited their use.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Leases

The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization is a lessee in a noncancellable operating lease for office space. The Organization will recognize a lease liability and a right of use (ROU) asset effective July 1, 2019. The lease liability for the lease is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or otherwise the Organization uses its incremental borrowing rate. The implicit rate of the leases is not readily determinable and accordingly, the Organization uses its incremental borrowing rate based on the information available at the commencement date for all leases. The Organization’s incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term. The Organization has recognized a right of use asset for office location and a corresponding lease liability.

The Organization has elected, for all underlying classes of assets, not to recognize the right of use (ROU) assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes the lease cost associated with its short-term leases on a straight-line basis over the lease term.

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT.**

Revenue Recognition

The Organization recognizes revenues through real estate assessments levied by the City of New York and are recorded when earned. The City of New York remits the assessments in two installments. Since all the assessments are received in the current year there is no allowance for doubtful accounts provided. Any assessment billing errors, or discrepancies are recorded as a direct reduction of the assessment revenue.

Functional Expenses Allocation

Functional Expense Allocations Expenses that can be identified with a specific program or supporting service are charged directly to the related program or support services. Expenses applicable to more than one activity, such as facilities-related depreciation, are allocated amongst programs on an evaluation from management.

**NOTE 3: ASSESSMENTS**

The Organization has contracted with New York City Department of Small Business Services (SBS) to receive funds specially assessed for the purpose of providing additional business services within the district. The Organization requested an assessment increase to its legislative assessment cap to \$250,000 and was approved by SBS and the NYC City Council. The Board of the Organization voted to phase the increase over three years billing \$215,000 in fiscal year June 30, 2021 and \$215,000 in fiscal year June 30, 2022. The Board has the option to bill up to \$250,000 in future fiscal years. The contract expires on June 30, 2026. As of June 30, 2021, the assessments received were \$215,000.

**NOTE 4: SANITATION**

On April 1, 2022, the Organization entered into a three-year agreement with their sanitation provider for an annual fee of \$74,400 to be paid in monthly installments of \$6,200. The total sanitation expense as of June 30, 2022 and 2021 is \$81,055 and \$77,000, respectively.

**NOTE 5: CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash-equivalent accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Coverage limit. As of June 30, 2022 and 2021, the Organization had no balances which exceeded insured limits.

The Organization's principal source of revenue is BID assessments for the City of New York. The Organization is dependent upon property owners maintaining their status.

The contract of the Organization with the City of New York is subject to audit by the City. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this date. Disallowance or adjustments, if any, will be reflected in the financial statements in the year of settlement.

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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**NOTE 6: RIGHT OF USE ASSET**

In February 2016, the FASB issued guidance revising the accounting for leases. Under the new guidance, lessees will be required to recognize a right-of-use (“ROU”) asset and lease liability for all leases other than those that are less than one year. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard is effective for the Organization on December 15, 2019, with early adoption permitted. The Organization plans to adopt the guidance on July 1, 2019, using a modified retrospective transition approach with the cumulative effect recognized at the date of initial application, whereby comparative prior period financial information will not be adjusted to reflect the new standard.

The Organization leases office space in Brooklyn under an operating lease which will expire December 31, 2024. The total rent expense for the year ended June 30, 2022 and 2021 respectively was \$19,941 and \$19,893.

The Organization is subject to future commitments set forth in the rental lease agreement. Future minimum lease commitments under the operating lease are:

<u>FISCAL YEAR</u>	<u>AMOUNT</u>
07/01/22 - 06/30/23	20,830
07/01/23 - 06/30/24	10,568
	<u>\$ 31,398</u>

Total future minimum lease commitments as of June 30, 2022 equals \$31,398.

**NOTE 7: ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES**

The Organization's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. Periods ending after June 30, 2020, remain subject to examination by the applicable taxing authorities.

**NOTE 8: RECLASSIFICATIONS**

Certain items were reclassified from prior years to be in conformity with current presentation and had no material effect on reported earnings of those periods.

**NOTE 9: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 22, 2022, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

**Independent Auditor's Report on Supplementary Information**

We have audited the financial statements of Woodhull Community District Management Association, Inc. (the "Organization") as of and for the year ended June 30, 2022 and 2021, and have issued our report thereon dated November 22, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of functional expenses is presented for the 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.



DePietto CPA P.C.  
Lake Success, New York  
November 22, 2022

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Business Improvement District Program Services</b>	<b>Supporting Services Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Expenses:</b>				
Advertising	\$ 825	\$ -	\$ -	\$ 825
Dues and subscriptions	-	710	-	710
Event expense	5,579	-	-	5,579
Holiday lighting	14,550	-	-	14,550
Insurance	366	-	-	366
Marketing and promotions	22,350	-	-	22,350
Meetings	1,695	164	-	1,859
Office expense	5,507	12,605	-	18,112
Payroll, taxes and fringes	57,448	18,876	5,744	82,068
Professional fees	-	6,525	-	6,525
Protection and security	594	-	-	594
Rent	5,000	9,941	5,000	19,941
Sanitation	81,055	-	-	81,055
Telephone/Internet	-	1,808	-	1,808
Utilities	-	2,426	-	2,426
<b>Total Expenses</b>	<b>\$ 194,969</b>	<b>\$ 53,105</b>	<b>\$ 10,744</b>	<b>\$ 258,818</b>

**WOODHULL COMMUNITY DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Business Improvement District Program Services</b>	<b>Supporting Services Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Expenses:</b>				
Advertising	\$ 205	\$ -	\$ -	\$ 205
Dues and subscriptions	-	189	-	189
Event expense	1,860	-	-	1,860
Holiday lighting	14,550	-	-	14,550
Insurance	349	2,439	-	2,788
Marketing and promotions	6,707	-	-	6,707
Meetings	643	62	-	705
Office expense	2,299	8,153	-	10,452
Payroll, taxes and fringes	45,637	17,603	1,955	65,195
Professional fees	-	6,313	-	6,313
Protection and security	725	-	-	725
Rent	5,000	9,893	5,000	19,893
Sanitation	77,000	-	-	77,000
Utilities	-	1,856	-	1,856
<b>Total Expenses</b>	<b>\$ 154,975</b>	<b>\$ 47,645</b>	<b>\$ 6,955</b>	<b>\$ 209,575</b>