

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**

**AUDITED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2013 AND 2012**



**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
New York City Business Assistance Corporation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of New York City Business Assistance Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from New York City Business Assistance Corporation's 2012 financial statements, in our report dated September 12, 2012, we expressed an unqualified opinion on those 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**

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 New York City Business Assistance Corporation as of June 30, 2013, 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2013, on our consideration of New York City Business Assistance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New York City Business Assistance Corporation's internal control over financial reporting and compliance.

***Padilla and Company, LLP***

*Jamaica, New York*

*October 16, 2013*

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3)	\$ 2,748,698	\$ 1,462,955
Total Assets	\$ 2,748,698	\$ 1,462,955
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 86,968	\$ 3,796
Total Liabilities	86,968	3,796
 <b>Net Assets</b>		
Unrestricted	213,233	242,094
Temporarily restricted (Note 5)	2,448,497	1,217,065
Total Net Assets	2,661,730	1,459,159
Total Liabilities and Net Assets	\$ 2,748,698	\$ 1,462,955

*See accompanying Notes to the Financial Statements.*

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2013 and 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
<b>Revenues and other support</b>				
Contributions	\$ -	\$ 3,014,616	\$ 3,014,616	\$ 57,000
Interest and dividend income	2,408	-	2,408	2,915
Miscellaneous Income	400	-	400	60
	<u>2,808</u>	<u>3,014,616</u>	<u>3,017,424</u>	<u>59,975</u>
<b>Net assets released from restrictions</b>				
Program restrictions satisfied	1,783,184	(1,783,184)	-	-
<b>Total revenues and other support</b>	1,785,992	1,231,432	3,017,424	59,975
<b>Expenses</b>				
Program expenses				
Microgrant Business	1,120,749	-	1,120,749	-
BID Challenge	397,108	-	397,108	-
MWBE	115,104	-	115,104	158,399
Printer Relocation	79,846	-	79,846	-
NYC Small Business Corporation	45,550	-	45,550	-
Neighborhood Awards	24,827	-	24,827	22,524
DEFO/CAP	-	-	-	44,572
Industrial Park Improvement	-	-	-	29,204
Business Emergency Grant	-	-	-	2,000
Total program expenses	<u>1,783,184</u>	<u>-</u>	<u>1,783,184</u>	<u>256,699</u>
Management and general expenses	32,192	-	32,192	130,882
<b>Total expenses</b>	<u>1,815,376</u>	<u>-</u>	<u>1,815,376</u>	<u>387,581</u>
<b>Change in net assets</b>	(29,384)	1,231,432	1,202,048	(327,606)
<b>Net assets, beginning of year</b>	242,094	1,217,065	1,459,159	1,779,765
<b>Adjustments to net assets</b>	523	-	523	7,000
<b>Net assets, end of year</b>	<u>\$ 213,233</u>	<u>\$ 2,448,497</u>	<u>\$ 2,661,730</u>	<u>\$ 1,459,159</u>

*See accompanying Notes to the Financial Statements.*

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2013 and 2012**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><b>2013</b></u>	<u><b>2012</b></u>
Change in net assets	\$ 1,202,048	\$ (327,606)
Adjustments to net assets	523	7,000
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Decrease in contributions receivable	-	702,485
Decrease in grants receivable	-	1,375,951
Increase (decrease) in accounts payable and accrued expenses	83,172	(2,084,639)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>1,285,743</u>	<u>(326,809)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,285,743	(326,809)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,462,955</u>	<u>1,789,764</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 2,748,698</u></u>	<u><u>\$ 1,462,955</u></u>

*See accompanying Notes to the Financial Statements.*

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2013 and 2012**

Expenses	Micro Grant	Neighborhood Awards	MWBE	Printers Fund	Small Business Camp	BID Challenge	Program Services Total	Management and General	June 30, 2013 Total	June 30, 2012 Total
Grants	\$ 1,052,917	\$ -	\$ -	\$ -	\$ -	\$ 138,701	\$ 1,191,618	\$ -	\$ 1,191,618	\$ 54
Contractual Services	-	-	-	79,846	-	250,000	329,846	-	329,846	11,450
Salaries	19,926	-	88,064	-	-	-	107,990	12,217	120,207	160,526
Professional Services	43,983	-	9,040	-	45,550	-	98,573	3,296	101,869	80,818
Neighborhood Dev. Awards	-	22,990	-	-	-	-	22,990	-	22,990	2,000
Fringe Benefits	2,723	-	12,032	-	-	-	14,755	1,669	16,424	63,065
Training	-	-	995	-	-	-	995	14,538	15,533	10,018
Meeting and Conferences	1,200	-	583	-	-	6,869	8,652	-	8,652	22,470
Consulting Services	-	1,837	4,390	-	-	1,538	7,765	-	7,765	35,320
Miscellaneous	-	-	-	-	-	-	-	472	472	1,860
<b>Total Expenses</b>	<b>\$ 1,120,749</b>	<b>\$ 24,827</b>	<b>\$ 115,104</b>	<b>\$ 79,846</b>	<b>\$ 45,550</b>	<b>\$ 397,108</b>	<b>\$ 1,783,184</b>	<b>\$ 32,192</b>	<b>\$ 1,815,376</b>	<b>\$ 387,581</b>

*See accompanying Notes to the Financial Statements.*

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 and 2012**

**1. ORGANIZATION AND OPERATIONS**

The New York City Business Assistance Corporation (NYCBAC) is a not-for-profit organization incorporated pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York on December 4, 1988 for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment in New York City; encouraging the development and/or retention of businesses in New York City; instructing or training individuals to improve or develop their capabilities for jobs in business; carrying on scientific research for the purpose of aiding New York City by attracting new business or by encouraging economic development; and lessening the burdens of government, acting on the public interest, including, but not limited to promoting the general welfare of the people of New York City.

NYCBAC is a not-for-profit organization operating under the Internal Revenue Code Section 501 (c) (3) and is, therefore, not subject to Federal, State or City income taxes.

NYCBAC's federal and state tax information returns for the years after 2008 remain subject to examination by the relevant taxing authorities

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) in its Statement No. 958-205, Financial Statements of Not-for-Profit Organizations [formerly Statements of Financial Accounting Standards (SFAS) No. 117]. Under ASC Statement No. 958-205, CCCI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Revenue Recognition

Revenue and expenses are recognized in the financial statements on the accrual basis of accounting.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Unconditional promises to give are recognized as revenues in the period in which the promised amount is received. Conditional promises to give are recognized as revenues upon meeting such conditions.

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 and 2012**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

NYCBAC receives at no costs, legal and administrative services from the NYC Department of Small Business Services. The values for these donated services are not reflected in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**3. CASH AND CASH EQUIVALENTS**

As of June 30, 2013 and 2012, cash and cash equivalents consisted of:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
J.P. Morgan Chase Bank		
MMA account no. XXXX5865	\$ 1,970,242	\$ 1,417,835
Interest checking account no. XXXX4466	778,456	45,120
Total	<u>\$ 2,748,698</u>	<u>\$ 1,462,955</u>

**4. LEASE COMMITMENTS**

NYCBAC occupies office space located at 110 William Street, New York, NY 10038. The space is donated by The City of New York and no in-kind values have been recognized in the financial statements.

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 and 2012**

**5. TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2013 and 2012, temporarily restricted net assets consisted of and available for the following purposes:

<u>Program Fund</u>	2012 Balance	Cash Received	Revenue Recognized	2013 Balance
Microgrant for Business	\$ -	\$ 1,845,000	\$ (1,120,749)	\$ 724,251
Printer Relocation	645,300	-	(79,846)	565,454
Industrial Park Improvement	-	420,000	-	420,000
125th Street Development	178,672	-	-	178,672
Minority and Women-Owned Business Enterprise	269,758	-	(115,104)	154,654
BID - Challenge	-	550,000	(397,108)	152,892
NYC Small Business Camp	-	153,616	(45,550)	108,066
Neighborhood Awards	62,659	40,000	(24,827)	77,832
Business Emergency Grant	38,605	-	-	38,605
Made in New York	16,828	-	-	16,828
DEFO/CAP	5,243	6,000	-	11,243
Total	<u>\$ 1,217,065</u>	<u>\$ 3,014,616</u>	<u>\$ (1,783,184)</u>	<u>\$ 2,448,497</u>

**6. CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject NYCBAC to concentrations of credit risk consist primarily of cash and cash equivalents which from time to time, exceed the Federal depository insurance coverage limit of \$250,000. However NYCBAC has not experienced any losses.

**7. SUBSEQUENT EVENTS**

As of the report date, no subsequent events of material nature came to our attention warranting adjustment or disclosure.

