

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

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

JUNE 30, 2014 AND 2013



NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

TABLE OF CONTENTS

| | |
|-----------------------------------|--------|
| Independent Auditor's Report | 1 - 2 |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statements of Cash Flows | 5 |
| Statements of Functional Expenses | 6 |
| Notes to Financial Statements | 7 - 10 |



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, 2014, 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 2013 financial statements, in our report dated October 16, 2013, 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, 2014, 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 September 24, 2014 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
September 24, 2014*

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and cash equivalents (Notes 3 and 9) | \$ 2,761,001 | \$ 2,748,698 |
| Total Assets | <u>\$ 2,761,001</u> | <u>\$ 2,748,698</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses (Note 9) | \$ 3,500 | \$ 86,968 |
| Total Liabilities | <u>\$ 3,500</u> | <u>\$ 86,968</u> |
| Net Assets | | |
| Unrestricted | \$ 225,702 | \$ 213,233 |
| Temporarily restricted (Note 5) | <u>2,531,799</u> | <u>2,448,497</u> |
| Total Net Assets | <u>\$ 2,757,501</u> | <u>\$ 2,661,730</u> |
| Total Liabilities and Net Assets | <u>\$ 2,761,001</u> | <u>\$ 2,748,698</u> |

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, 2014 and 2013

| | Unrestricted | Temporarily Restricted | Total 2014 | Total 2013 |
|--|--------------------------|-----------------------------------|----------------------------|----------------------------|
| Revenues and other support | | | | |
| Contributions | \$ 530 | \$ 2,580,785 | \$ 2,581,315 | \$ 3,014,616 |
| Interest and dividend income | 2,548 | - | 2,548 | 2,408 |
| Miscellaneous Income | - | 2,190 | 2,190 | 400 |
| | <u>\$ 3,078</u> | <u>\$ 2,582,975</u> | <u>\$ 2,586,053</u> | <u>\$ 3,017,424</u> |
| Net assets released from restrictions | | | | |
| Program restrictions satisfied | 2,499,673 | (2,499,673) | - | - |
| | <u>\$ 2,502,751</u> | <u>\$ 83,302</u> | <u>\$ 2,586,053</u> | <u>\$ 3,017,424</u> |
| Expenses | | | | |
| Program expenses | | | | |
| Microgrant Business | \$ 1,677,411 | \$ - | \$ 1,677,411 | \$ 1,120,749 |
| Industrial Park Movement | 336,377 | - | 336,377 | - |
| BID Challenge | 182,355 | - | 182,355 | 397,108 |
| NYC Small Business Campaign | 104,325 | - | 104,325 | 45,550 |
| MWBE | 68,253 | - | 68,253 | 115,104 |
| Business Solutions | 48,821 | - | 48,821 | - |
| Neighborhood Awards | 48,483 | - | 48,483 | 24,827 |
| Printer Fund | 10,577 | - | 10,577 | 79,846 |
| Business Emergency Grant | 6,000 | - | 6,000 | - |
| Immigrant for Business | 243 | - | 243 | - |
| Total program expenses | <u>\$ 2,482,845</u> | <u>\$ -</u> | <u>\$ 2,482,845</u> | <u>\$ 1,783,184</u> |
| Management and general expenses | 11,263 | - | 11,263 | 32,192 |
| Total expenses | <u>\$ 2,494,108</u> | <u>\$ -</u> | <u>\$ 2,494,108</u> | <u>\$ 1,815,376</u> |
| Change in net assets | 8,643 | 83,302 | 91,945 | 1,202,048 |
| Net assets, beginning of year | 213,233 | 2,448,497 | 2,661,730 | 1,459,159 |
| Adjustments to net assets | 3,826 | - | 3,826 | 523 |
| Net assets, end of year | <u><u>\$ 225,702</u></u> | <u><u>\$ 2,531,799</u></u> | <u><u>\$ 2,757,501</u></u> | <u><u>\$ 2,661,730</u></u> |

See accompanying Notes to the Financial Statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 and 2013

| CASH FLOWS FROM OPERATING ACTIVITIES | 2014 | 2013 |
|---|---------------------|---------------------|
| Change in net assets | \$ 91,945 | \$ 1,202,048 |
| Adjustments to net assets | - | 523 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Increase (decrease) in accounts payable and accrued expenses | (83,468) | 83,172 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 8,477 | \$ 1,285,743 |
| CASH FLOWS FROM INVESTING ACTIVITIES | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | \$ 8,477 | \$ 1,285,743 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 2,748,698 | 1,462,955 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 2,757,175 | \$ 2,748,698 |

See accompanying Notes to the Financial Statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2014 and 2013

| Expenses | Immigrant for Business | Micro Grant | Business Solution | MWBE Program | Business Emergency Grant | BID Challenge | NYC Small Bus. Campaign | Neighborhood Awards | Printer Fund | Industrial Park Improvement | Program Services Total | Management and General | June 30, 2014 Total | June 30, 2013 Total |
|-------------------------|---------------------------|----------------|----------------------|-----------------|--------------------------------|------------------|----------------------------|------------------------|-----------------|--------------------------------|---------------------------|---------------------------|------------------------|------------------------|
| Salaries | \$ - | \$ 92,273 | \$ - | \$ 58,496 | \$ - | \$ - | \$ - | \$ 360 | \$ - | \$ - | \$ 151,129 | \$ 1,797 | \$ 152,926 | \$ 120,207 |
| Fringe benefits | - | 13,735 | - | 8,707 | - | - | - | - | - | - | 22,442 | 321 | 22,763 | 16,424 |
| Contractual Services | - | - | - | - | - | - | - | - | - | - | - | - | - | 329,846 |
| Consulting Services | - | 19,226 | - | - | - | 3,584 | - | 7,572 | 10,560 | - | 40,942 | 4,887 | 45,829 | 7,765 |
| Professional Services | - | 5,750 | 48,821 | 700 | - | 500 | 102,135 | 1,700 | - | - | 159,606 | 800 | 160,406 | 101,869 |
| Office Supplies | - | 1,285 | - | - | - | 34 | - | - | - | - | 1,319 | 418 | 1,737 | - |
| Printing | - | - | - | - | - | 2,125 | - | - | - | - | 2,125 | - | 2,125 | - |
| Meeting and Conferences | 243 | 84 | - | 350 | - | 2,693 | - | - | - | - | 3,370 | 2,049 | 5,419 | 8,652 |
| Neighborhood Dev Awards | - | - | - | - | - | - | - | 38,851 | - | 336,377 | 375,228 | - | 375,228 | 22,990 |
| Training | - | - | - | - | - | - | - | - | - | - | - | - | - | 15,533 |
| Grants | - | 1,543,878 | - | - | 6,000 | 173,419 | - | - | - | - | 1,723,297 | 119 | 1,723,416 | 1,191,618 |
| Administrative Expenses | - | 1,180 | - | - | - | - | - | - | - | - | 1,180 | - | 1,180 | - |
| Miscellaneous Expenses | - | - | - | - | - | - | 2,190 | - | 17 | - | 2,207 | 872 | 3,079 | 472 |
| Total Expenses | \$ 243 | \$ 1,677,411 | \$ 48,821 | \$ 68,253 | \$ 6,000 | \$ 182,355 | \$ 104,325 | \$ 48,483 | \$ 10,577 | \$ 336,377 | \$ 2,482,845 | \$ 11,263 | \$ 2,494,108 | \$ 1,815,376 |

See accompanying Notes to the Financial Statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 and 2013

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.

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, 2014 and 2013

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, 2014 and 2013, cash and cash equivalents consisted of:

| | <u>June 30, 2014</u> | <u>June 30, 2013</u> |
|--|----------------------|----------------------|
| J.P. Morgan Chase Bank | | |
| MMA account no. XXXX5865 | \$ 2,472,790 | \$ 1,970,244 |
| Interest checking account no. XXXX4466 | 288,211 | 778,456 |
| Total | <u>\$ 2,761,001</u> | <u>\$ 2,748,700</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, 2014 and 2013

5. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2014 and 2013, temporarily restricted net assets consisted of and available for the following purposes:

| <u>Program Fund</u> | 2013 <u>Balance</u> | Cash <u>Received</u> | Revenue <u>Recognized</u> | 2014 <u>Balance</u> |
|--|------------------------|-------------------------|------------------------------|------------------------|
| Microgrant for Business | \$ 724,251 | \$ 1,615,000 | \$ (1,677,411) | \$ 661,840 |
| Printer's Fund | 565,454 | - | (10,577) | 554,877 |
| Industrial Park Improvement | 420,000 | - | (336,377) | 83,623 |
| 125th Street Development | 178,672 | - | - | 178,672 |
| Minority and Women-Owned Business Enterprise | 154,654 | - | (68,253) | 86,401 |
| BID - Challenge | 152,892 | 401,500 | (182,355) | 372,037 |
| NYC Small Business Campaign | 108,066 | 2,190 | (104,325) | 5,931 |
| Neighborhood Awards | 77,832 | - | (48,483) | 29,349 |
| Business Emergency Grant | 38,605 | - | (6,000) | 32,605 |
| Made in New York | 16,828 | | (16,828) | - |
| DEFO/CAP | 11,243 | | | 11,243 |
| Immigrant for Business | - | 250,000 | (243) | 249,757 |
| Build Business Capacity | - | 52,336 | - | 52,336 |
| Business Solutions | - | 261,949 | (48,821) | 213,128 |
| Total | <u>\$ 2,448,497</u> | <u>\$ 2,582,975</u> | <u>\$ (2,499,673)</u> | <u>\$ 2,531,799</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

Management has evaluated subsequent events through September 24, 2014, the date which the financial statements were available for issue. Nothing came to our attention warranting adjustment or disclosure.

8. TAXES

NYCBAC's federal and state tax information returns for the years after 2010 remain subject to examination by relevant taxing authorities.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 and 2013

9. FAIR VALUE OF FINANCIAL STATEMENTS

FASB Accounting Standards Codification (ASC) 820, Fair Value Measurement, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted price for identical assets or liabilities in active markets that NYCBAC has the ability to access.

Level 2 - Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical and similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30 , 2014 and 2013.

Cash and Cash Equivalents. The carrying amount reported in the balance sheet or cash and cash equivalents approximates its fair value.

Accounts Payable and Accrued Expenses. The carrying amount of accounts payable and accrued expenses in the balance sheet approximate fair value.

