

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Financial Statements
and Required Supplementary Information

Years Ended June 30, 2021 and 2020
With Independent Auditor's Report



NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

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PART I – FINANCIAL SECTION

Independent Auditor's Report

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 (NYBAC), a component unit of The City of New York, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise NYBAC's basic financial statements as listed in the table of contents.

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 NYBAC as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, on our consideration of NYBAC'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 solely 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 the effectiveness of NYBAC's 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 NYBAC's internal control over financial reporting and compliance.

Padilla and Company, LLP

*Jamaica, New York
September 14, 2021*

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

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Management's Discussion and Analysis

The intent of providing management's discussion and analysis is to provide readers with a comprehensive overview of the New York City Business Assistance Corporation's ("NYBAC") financial condition as of June 30, 2021 and 2020 and the result of its operations for the years then ended. Management has prepared the financial statements and related footnote disclosures in accordance with accounting principles generally accepted in the United States of America. This management's discussion and analysis should be used in conjunction with the audited financial statements and related footnotes of NYBAC.

Background

NYBAC was created with the exclusively charitable and public purposes of promoting and providing for maximum employment, maintaining and bettering job opportunities in the City of New York, supporting new and existing industries, encouraging the economic development of the City of New York and lessening the burdens of government. Over the years, NYBAC has operated or assisted in numerous programs, including the Urban Summit, a conference of mayors that focused on common problems facing urban areas and the UN50 Celebration, a series of events designed to celebrate the 50th anniversary of the United Nations. NYBAC operates various programs with the ultimate goal of encouraging economic development in the City of New York. These programs serve small businesses throughout the City of New York involving assistance to community organizations and support services for businesses. Some of these programs include:

- *BID Neighborhood Challenge* is a program that pairs non-profit community organizations and tech companies to create and implement tools that address specific issues facing commercial districts.
- *The Downtown Jamaica Storefront Improvement Program* is a program designed to revitalize building facades, improve commercial corridors and promote the character and stability of Downtown Jamaica.
- *NYCHA Food Business Pathways* is an innovative business development program designed exclusively for public housing resident entrepreneurs to provide 10 - 12 weeks of food entrepreneurship training, business coaching, grants for permits and licensing and free food incubator space post completion of the program for selected graduates through the food business pathway program.
- *Childcare Business Pathways* is a cohort-based program that supports New York City Housing Authority residents in launching home-based childcare businesses.
- *WE Credit Loan/Loss Fund* is a program designed to support small-and early-stage women entrepreneurs in accessing flexible working capital for their firms.
- *Small Business Financing* is an initiative to connect New York City business owners to the financing products that best meet their business needs during and after the Covid-19 pandemic.

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Management's Discussion and Analysis (continued)

- *Love Your Local Program* is a grant program designed to preserve essential local jobs, goods and services by providing marketing, technical assistance, and grants to small businesses.

NYBAC has also provided support following emergencies and natural disasters that have impacted small businesses. For fiscal years ended June 30, 2021 and 2020, NYBAC expended \$637,834 and \$581,056, respectively, for the various programs it currently administers. The financial highlights are detailed below.

Financial Highlights - Fiscal Year 2021

Net Position: \$ 3,709,905

- Cash, cash equivalents and investments decreased by \$19,149 (or 1%)
- Accounts receivable increased by \$577 (or 0.38%)
- Prepaid expenses and other current assets decreased by \$12,665 (or 57%)
- Accounts payable and accrued expenses increased by \$56,205 (or 154%)

Change in Net Position: \$87,442 decrease

- Operating grants and contributions amounted to \$545,103 (or 54% decrease)
- Operating expenses amounted to \$640,565 (or 10% increase)
- Other income amounted to \$8,020 (or 38% decrease)

Overview of the Financial Statements

This report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). NYBAC follows enterprise fund reporting; therefore, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents the financial position of the Fund as of June 30, 2021 and 2020. It provides information about the nature and the amount of resources (assets), plus deferred outflows (as applicable), obligations (liabilities), plus deferred inflows (as applicable) and net position.

The statement of revenue, expenses and changes in net position presents the change in net position over the course of the years ended June 30, 2021 and 2020. The change in net position may be useful in assessing whether the financial position improved or deteriorated for the year.

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Management's Discussion and Analysis (continued)

The statement of cash flows presents the cash activities segregated by four major cash flow categories; operating activities, noncapital financing activities, capital and related financing activities and investing activities. This statement may be useful in determining the changes in liquidity and in understanding how cash and cash equivalents were used during the years ended June 30, 2021 and 2020.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of NYBAC's Net Position

The following table summarizes NYBAC's financial position at June 30, 2021 and 2020 and the percentage change between the years.

	2021	2020	Variance	
			Amount	%
Current assets	\$ 3,515,678	\$ 3,546,915	\$ (31,237)	-1%
Non-current assets	287,000	287,000	-	-
Current liabilities	92,773	36,568	56,205	154%
Restricted net position	3,466,075	3,558,807	(92,732)	-3%
Unrestricted net position	243,830	238,540	5,290	2%

Current assets

As of June 30, 2021, NYBAC had current assets of \$3,515,678 consisting of cash, cash equivalents, investments, accounts receivable, and prepayments. Cash, cash equivalents and investments decreased by \$19,149 or 1% in comparison to the prior fiscal year. The decrease in cash was primarily the result of a decrease in contributions received in the current fiscal year due to the Covid-19 pandemic. On October 6, 2020, NYBAC's certificate of deposit with JP Morgan Chase bank amounting to \$1,500,000 and with interest rate of 1.49% has earned an interest of \$20,653 which increased the value of the investment. The increase in accounts receivable balance by \$577 or 0.38% primarily resulted from a receivable from NYS Main Street Grant program. The decrease in prepaid expenses and other current assets amounting to \$12,665 or 57% primarily relates to the portion of the multi-year subscription prepayment that expired during the fiscal year.

Non-current assets

There was no change in the non-current assets as compared to the prior fiscal year. Non-current assets consist of a loan loss reserve fund which was established in the prior fiscal year in connection with the 10,000 Small Business Initiative and the WE NYC Loan Loss Reserve Fund Program to support loans to qualifying small businesses.

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Management's Discussion and Analysis (continued)

Current liabilities

As of June 30, 2021, NYBAC has current liabilities of \$92,773 consisting of accrual for audit fees and accounts payable under Downtown Jamaica SIP, Love your Local Grants, and Small Business Financing programs. Current liabilities increased by \$56,205 or 154% in comparison to the prior fiscal year.

Restricted net position

The restricted net position has decreased by \$92,732 or 3% as compared to the prior year. The decrease in the restricted net position was primarily the result of reduced and delayed contributions towards some programs due to the Covid-19 pandemic.

Unrestricted net position

The unrestricted net position has increased by \$5,290 or 2% as compared to the prior year. The increase in the unrestricted net position was primarily the result of interest income earned during the fiscal year.

Operating Activities

The following table summarizes NYBAC's operating activities for the years ended June 30, 2021 and 2020 and the percentage change between the years.

	2021	2020	Variance	
			Amount	%
Operating revenues	\$ 545,103	\$ 1,179,627	\$ (634,524)	-54%
Operating expenses	640,565	581,950	58,615	10%
Operating income	(95,462)	597,677	(693,139)	-116%
Non-operating income	8,020	12,992	(4,972)	-38%
Change in net position	\$ (87,442)	\$ 610,669	\$ (698,111)	-114%

Operating revenues

During the current fiscal year, NYBAC received contributions totaling \$545,103 in comparison to \$1,179,627 in the prior year. As a result, NYBAC's revenues decreased by \$634,524 or 54% due to lower contributions received in the current fiscal year for various programs such as the Love Your Local program which was impacted by the Covid-19 pandemic.

Operating expenses

During the current fiscal year, NYBAC's operating expenses were \$640,565 which was \$58,615 or 10% higher than the prior year, primarily due to the increase in grants and expenses paid out during the current fiscal year for existing programs.

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Management's Discussion and Analysis (continued)

Operating income (loss)

Operating income has decreased by \$ 693,139 , or 116% in comparison to the prior fiscal year. This is mainly due to the decrease in contributions received in the current fiscal year due to the Covid-19 pandemic and increase in grants and expenses paid out for existing programs.

Non-operating income

Non-operating income has decreased by \$ 4,972 or more than 38% due to the lower interest income earned in the current fiscal year from the temporary investment that matured on October 6, 2020.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
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Statements of Net Position
As of June 30, 2021 and 2020

ASSETS	2021	2020 <i>As restated</i>
Current Assets		
Cash and cash equivalents (Note 3)	\$ 1,831,033	\$ 1,870,835
Investments (Note 4)	1,520,653	1,500,000
Accounts receivable (Note 5)	154,243	153,666
Prepaid expenses and other current assets	9,749	22,414
Total current assets	3,515,678	3,546,915
Non-current Assets		
Loan loss reserve receivable (Note 6)	287,000	287,000
Total Assets	\$ 3,802,678	\$ 3,833,915
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 92,773	\$ 36,568
Total Liabilities	92,773	36,568
 Net Positions		
Restricted - expendable (Note 8)	3,466,075	3,558,807
Unrestricted	243,830	238,540
Total net position	3,709,905	3,797,347
Total liabilities and net position	\$ 3,802,678	\$ 3,833,915

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

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

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**Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2021 and 2020**

	2021	2020 <i>As restated</i>
	<u>2021</u>	<u>As restated</u>
Operating revenues		
Operating grants and contributions	\$ 545,103	\$ 1,179,627
Total operating revenues	545,103	1,179,627
Operating expenses		
Consulting services	40,200	23,400
Professional services	6,835	14,785
Advertising & marketing	4,870	1,677
Meeting & conference	7,400	3,457
Grants	568,261	438,275
Service agreement	-	76,080
Insurance & permit	-	7,900
Incubator rental	-	12,513
Miscellaneous	12,999	3,863
Total operating expenses	640,565	581,950
Operating income	(95,462)	597,677
Non-Operating revenues		
Interest income	8,020	12,992
Total non-operating revenue	8,020	12,992
Change in net position	(87,442)	610,669
Net position, beginning of the year	3,797,347	3,186,678
Net position, end of the year	<u>\$ 3,709,905</u>	<u>\$ 3,797,347</u>

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

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
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Statements of Cash Flows
For the years ended June 30, 2021 and 2020

	2021	2020 <i>As restated</i>
Cash flows from operating activities:		
Cash received from grants and contributions	\$ 544,526	\$ 1,025,961
Cash paid for loan loss reserve receivable	-	(287,000)
Cash paid for prepaid expenses	12,665	(22,414)
Payments to vendors and suppliers	(584,360)	(550,382)
Net cash provided by (used in) operating activities	(27,169)	166,165
Cash flows from investing activities		
Purchase of certificate of deposit	(20,653)	(1,500,000)
Interest income	8,020	12,992
Net cash provided by (used in) investing activities	(12,633)	(1,487,008)
Cash flows from capital and related financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(39,802)	(1,320,843)
Cash and cash equivalents at the beginning of the year	1,870,835	3,191,678
Cash and cash equivalents at the end of the year	1,831,033	1,870,835
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	(95,462)	597,677
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts receivable	(577)	(153,666)
(Increase) decrease in loan loss reserve receivable	-	(287,000)
(Increase) decrease in prepaid expenses and other current assets	12,665	(22,414)
Increase (decrease) in accounts payable and accrued expenses	56,205	31,568
Net cash provided by (used in) operating activities	\$ (27,169)	\$ 166,165

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

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

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Notes to the Financial Statements

June 30, 2021 and 2020

NOTE 1: ORGANIZATION AND NATURE OF BUSINESS

New York City Business Assistance Corporation (“NYBAC”) is a non-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 business 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.

NYBAC 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by Governmental Accounting Standards Board (“GASB”), Financial Accounting Standards Board (“FASB”) Statements and Interpretations and Accounting Principles Board Opinions, unless those pronouncements conflict with or contradict GASB pronouncements. NYBAC has determined that it functions as an enterprise fund as defined by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Starting for the fiscal period ending June 30, 2018, NYBAC has been determined to meet the criteria established by the Governmental Accounting Standards Board (“GASB”) Statement No. 14 and as a result is classified as a component unit of New York City. Component units are separate entities, which are incorporated into The City of New York’s financial statements for reporting purposes. Pursuant to GASB 14, NYBAC must be included in The New York City Comptroller’s Comprehensive Annual Financial Report.

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Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB No. 34 requires that resources be classified for accounting purposes into the following net position categories: (a) Invested in capital assets, (b) Restricted non-expendable, (c) Restricted expendable and (d) Unrestricted. NYBAC's restricted expendable net position has been restricted in accordance with terms of an award agreement or by state law.

Operating activities in the statement of revenues, expenses and changes in net position are those that generally result from exchange transactions such as grants and fees. Operating revenues and expenses are those that directly relate to the organization fulfilling its mission statement including certain administrative expense. Certain other transactions that are not meeting this definition are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include interest income.

Recently Issued GASB Pronouncements

In May 2020, in response to challenges arising from COVID-19, GASB issued Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance. GASB approved an 18-month postponement for Statement 87, Leases. All statements and implementation guides with a current effective date of reporting periods beginning after June 15, 2018, and later have a one-year postponement.

In 2021, NYBAC adopted the following new accounting standards:

GASB Statement No. 84, Fiduciary Activities, was issued in January 2017. The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement is effective for fiscal years beginning after December 15, 2019. The adoption of this standard did not impact the financial statements.

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Notes to the Financial Statements

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued GASB Pronouncements (continued)

In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement are effective for fiscal years beginning after June 15, 2018. The adoption of this standard did not impact the financial statements.

In August 2018, GASB issued Statement No. 90, Majority Equity Interests. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. Provisions of this statement are effective for fiscal years beginning after December 15, 2019. The adoption of this standard did not impact the financial statements.

In June 2020, GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This Statement has various effective dates. The provisions that are effective for periods beginning after December 31, 2019, include limitations on the application of the financial burden criterion regarding contributions to postemployment benefit plans to only defined benefit pension plans and defined benefit other post-employment benefits (OPEB) plans that are administered through trusts. This will reduce costs of reporting of certain defined contribution pension plans as fiduciary component units. This supersedes previous guidance in Statement 84 and Implementation Guide 2019-2. The adoption of this standard did not impact the financial statements.

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Provisions of this statement are effective for fiscal years beginning after December 15, 2020. The adoption of this standard did not impact the financial statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
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Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued GASB Pronouncements (continued)

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this statement is to provide relief in applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform. Paragraphs 11b, 13, and 14 of this statement are effective for reporting periods beginning after June 15, 2020; paragraph 11b is effective for reporting periods ending after December 31, 2021; and paragraphs 13 and 14 are effective for fiscal year periods beginning after June 15, 2021, and all reporting periods thereafter. The adoption of this standard did not impact the financial statements.

B. Cash and Cash Equivalents

For the purposes of the statement of net position and the statement of cash flows, NYBAC considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity of three months or less.

C. Concentration of Credit Risk

Financial instruments that potentially expose NYBAC to concentrations of credit and market risk consist primarily of cash, cash equivalents and temporary investments. Cash, cash equivalents and temporary investments are maintained at high quality financial institution. Federal Depository Insurance Corporation provides deposit insurance up to \$250,000.

D. Grants and contributions

Grants and contributions are classified as unrestricted or restricted net position in the accompanying statement of net position depending on any donor restriction.

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Notes to the Financial Statements

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Revenue and Expense Classification

NYBAC distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. The principal operating revenues are grants from and through the City (Note 8). NYBAC's operating expenses include project and program costs and general administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is NYBAC's policy to use restricted resources first, and then unrestricted resources as needed.

F. Use of 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 disclosures 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.

G. Fair Value Measurements

NYBAC accounts for fair value measurements under FASB *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements*, which establishes a hierarchy for inputs used to measure fair value based on the nature of the data input, which generally ranges from Level 1 to Level 3. Multiple inputs may be used to measure fair value.

Level 1: Inputs to the valuation methodology that are unadjusted quoted prices for the identical assets or liabilities in active markets in which they are traded.

Level 2: Measurements derived indirectly from observable inputs or from quoted prices for markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risk and others.

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

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Notes to the Financial Statements

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications have no effect on previously reported results of operations or net position.

I. Risks and Uncertainties

On January 2020, the World Health Organization (WHO) has declared a public health emergency due to the coronavirus (COVID-19) outbreak. In March 2020, WHO classified the COVID-19 outbreak as a pandemic due to alarming levels of spread and severity on a global scale.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on the NYBAC's liquidity and future results of operations. The NYBAC's management is continuously monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

NOTE 3: CASH AND CASH EQUIVALENTS

NYBAC's cash and cash equivalents is comprised of cash in bank deposited in JP Morgan Chase, which was covered by the Federal Depository Insurance Corporation ("FDIC"). FDIC provides deposit insurance up to \$250,000. Cash balance in excess of the FDIC coverage was uncollaterized. All cash and cash equivalents balance are available for support of specific programs and operating expenses.

Cash and cash equivalents for the fiscal years ending June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash in bank - Checking	\$ 1,519,728	\$ 1,541,711
Cash in bank - Savings	311,305	329,124
Total	<u>\$ 1,831,033</u>	<u>\$ 1,870,835</u>

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

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Notes to the Financial Statements

June 30, 2021 and 2020

NOTE 4: INVESTMENTS

Investments include certificate of deposit (CD) in the bank with original maturities of more than three months. As of audit report date, NYBAC's investment consist of a CD with JP Morgan Chase amounting to \$1,500,000 that matured on October 6, 2020 with an interest rate of 1.49% per annum. Interest income arising from the CD amounted to \$7,988 and \$12,665 for fiscal year ending June 30, 2021 and 2020, respectively. The fair value of the investment approximates their carrying amount due to the short-term nature of this financial asset.

NOTE 5: ACCOUNTS RECEIVABLE

This account consists of grants receivable for the following programs:

	<u>2021</u>	<u>2020</u>
Small Business Financing	\$ 149,225	\$ 149,225
NYS Main Street Grant	4,496	3,919
Immigrant for Business Initiative	522	522
Total	<u>\$ 154,243</u>	<u>\$ 153,666</u>

There were no subsequent collections as of the audit report date.

NOTE 6: LOAN LOSS RESERVE RECEIVABLE

A loan loss reserve fund amounting to \$287,000 was established in connection with the 10,000 Small Business Initiative and the WE NYC Loan Loss Reserve Fund Program to support loans to qualifying small businesses to expand their businesses and promote economic growth in the City of New York. Any portion of the reserve fund remaining shall be returned to NYBAC upon the extinguishment of all outstanding program loans.

NOTE 7: IN-KIND AND DONATED SERVICES

NYBAC's office space is rent free, located at One Liberty Street, 11th Floor, New York, NY 10006. The space is donated by The City of New York and no in-kind values have been recognized in the financial statements. NYBAC also receives from New York City Department of Small Business Services ("SBS") administrative, financial, legal, and other services necessary for the administration of NYBAC free of charge and no in-kind value has been recognized in the financial statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

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Notes to the Financial Statements

June 30, 2021 and 2020

NOTE 8: RESTRICTED - EXPENDABLE

Restricted expendable net position represents resources provided by donors to fund various projects undertaken for the benefit of and on behalf of the City. The following table summarizes support received from donors and expenditures made for such projects for the years ended June 30, 2021 and 2020.

Program Services	Net Position	Current Year		Net Position
	Balance at	Contributions	Program	Balance at
	June 30, 2020			and Grants
	<i>As restated</i>			
Microgrant for Business	\$ 76,138	\$ -	\$ -	\$ 76,138
Downtown Jamaica SIP	190,046	125,000	62,627	252,419
Printer's Fund	503,997	-	-	503,997
NYS Main Street Grant	-	50,578	50,578	-
Business Emergency Grant	30,605	-	1,012	29,593
Neighborhood Awards	20,352	-	-	20,352
BID - Neighborhood Challenge	199,652	-	13,149	186,503
Northwest Bronx Entrepreneurship - Fast Track	27,212	-	-	27,212
NYCHA Food Business Pathways	22,012	1,525	-	23,537
Love Your Local Grants	44,161	368,000	410,175	1,985
Minority and Women-Owned Business Enterprise	2,436	-	-	2,436
WE Credit Loan/Loss Fund	440,000	-	-	440,000
Childcare Business Pathways	27,972	-	-	27,972
125th Street Development	178,672	-	-	178,672
Sector Specific Business Pathways	197,986	-	22,684	175,302
Immigrant for Business Initiative	40,376	-	-	40,376
Business Pitch Education & Competition Initiative	7,275	-	-	7,275
Business Solutions/Tech Coalition	24,058	-	-	24,058
Corporate Alliance Program	28,419	-	14,910	13,509
Business Relocation Assistance	319,314	-	-	319,314
Healthcare Growth Services	2,938	-	-	2,938
Small Business Financing	1,075,186	(319,200)	55,113	700,873
Covid-19 Small Business Continuity	100,000	-	-	100,000
BE NYC	-	319,200	7,587	311,613
Total	\$ 3,558,807	\$ 545,103	\$ 637,834 ¹	\$ 3,466,075

¹ Operating expenses include project and program costs and general administrative expenses. Amount above excludes General Fund expenses of \$2,730.

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NOTE 9: COMMITMENTS

Pursuant to approved agreements between NYBAC and various grantees, NYBAC was committed to fund projects upon meeting the required terms and conditions of the award. Outstanding commitments consisted of the following:

<u>Program/Grantee</u>	<u>Approval Date</u>	<u>Total Commitment</u>	<u>2020 YTD Total Expenses</u>	<u>2020 Outstanding Commitment</u>	<u>2021 YTD Total Expenses</u>	<u>2021 Outstanding Commitment</u>
Food Business Pathways						
NYC Housing Authority	2/9/2015	550,000	20,648	22,253	-	22,253
Sector-Specific Business Pathways	11/30/2018	250,000	51,304	198,696	22,684	176,012
Downtown Jamaica Storefront Improvement Program						
Bright D Limm LLC	5/1/2019	20,000	20,000	closed	-	closed
Make Me Over Beauty Bar	2/28/2019	7,476	7,116	360	-	360
Mattone Group Jamaica Co., LLC	10/10/2019	40,000	40,000	-	-	-
New York Ophthalmology	5/26/2019	30,000	30,000	-	-	-
Laura Heim Architect PLLC	1/1/2018	78,500	22,900	36,200	7,850	28,350
Greater Jamaica Development Corporation (Ranchito aka El Rincon)	5/29/2019	44,000	44,000	closed	-	closed
Greater Jamaica Development Corporation (Furniture Mania aka Beverly Hills)	2/25/2020	40,000	-	40,000	40,000	-
Greater Jamaica Development Corporation	5/20/2021	30,000	-	-	-	30,000
LB Gifts and Lamps Inc	6/15/2020	20,000	-	-	15,585	closed
Shoppers World	6/3/2021	15,000	-	-	-	15,000
NYS Main Street Grant Program						
Eric Richey Architect PLLC	5/20/2019	10,250	6,000	3,000	-	3,000
Flatly Read	5/20/2019	2,570	2,285	285	-	285
Urban Health Plan	2/5/2018	50,000	-	-	50,000	closed
Love Your Local Grants						
101 Bedford Ave Bean LLC	9/11/2019	20,000	20,000	-	-	closed
Arthur Cantina Inc	2/21/2020	90,000	20,000	-	70,000	closed
Beas Tavern Inc	2/19/2020	36,000	-	36,000	36,000	closed
Cowgirl Seahorse Inc	11/20/2019	20,000	9,949	10,051	10,051	closed
DLA Restaurants LLC	12/6/2019	20,000	10,993	9,007	-	9,007
Entertaining Ideas Inc	1/15/2020	20,000	20,000	-	-	closed
Kepco Inc	2/13/2020	90,000	20,000	70,000	70,000	closed
Neirs Tavern, Inc.	1/13/2020	90,000	20,000	70,000	70,000	closed
Obra Architect PC	12/2/2019	20,000	6,981	13,019	13,019	closed
PC Learning Centers Inc	2/6/2020	90,000	25,000	65,000	65,000	closed
Pocket Bar 455 W. 48th Corp.	8/22/2019	20,000	20,000	-	-	closed
Point Judith LLC	7/8/2019	20,000	20,000	-	-	closed
Shoe Market, Inc.	11/19/2019	20,000	19,826	174	164	closed
Sweet Generation Bakery	1/7/2020	20,000	20,000	-	-	closed
Tre Monelli LLC	9/3/2019	20,000	14,630	5,370	5,370	closed
Villa Berulia, Inc.	10/8/2019	20,000	15,315	4,685	4,372	closed
Von Design LTD	9/23/2019	20,000	-	20,000	20,000	closed
Sabir Richardson Weisberg Engineer	6/8/2020	36,000	-	-	36,000	closed
South Lake Hospitality Group	6/5/2020	36,000	-	-	36,000	closed
Childcare Business Pathways						
Child Development Support Corporation	2/4/2019	44,700	20,800	9,200	-	9,200
Business Outreach Center Network	1/2/2019	12,600	8,880	3,720	-	3,720
Covid19 Continuity Loan Program	4/14/2020	100,000	-	100,000	-	100,000
BE NYC	9/10/2020	319,200	-	319,200	7,587	311,613
Small Business Financing	2/4/2020	755,986	-	755,986	43,119	712,867
Total		<u>\$3,128,282</u>	<u>\$536,627</u>	<u>\$1,792,206</u>	<u>\$622,800</u>	<u>\$1,421,668</u>

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Notes to the Financial Statements

June 30, 2021 and 2020

NOTE 10: PRIOR PERIOD ADJUSTMENTS

The prior year financial statements have been restated due to the following prior period adjustments:

Net Position - Restricted at June 30, 2019, as previously reported	\$ 3,584,144
Prior period adjustments for:	
Grants - Love Your Local Program	(23,712)
Miscellaneous expenses	<u>(1,625)</u>
Net Position - Restricted at June 30, 2019, as restated	<u>\$ 3,558,807</u>

The adjustment to Grants amounting to \$23,712 pertains to the understatement of the expense in the prior year under the Love Your Local program. The adjustment to Miscellaneous expenses amounting to \$1,625 is related to the write-off of prior year prepaid expense balance that was utilized in the prior year.

NOTE 11: CONTINGENCIES

Certain grants recognized as revenue by the Fund are subject to continued compliance with donor-imposed restrictions and conditions. In the event of noncompliance, a donor may cancel its grant agreement and may require the Fund to return any unspent amount on the grants. In addition, certain grants and contracts are subject to independent audit by the awarding agency or funding source. Such audit could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds.

Management is of the opinion that such events, if any, would not have a material impact on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such contingency.

NOTE 12: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects NYBAC's financial assets as of June 30, 2020, reduced by amounts not available for general expenditures because of contractual or donor-imposed restrictions within one year of the date of the statement of net position because of contractual or donor-imposed restrictions:

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
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Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 12: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

Financial Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,831,033	\$ 1,870,835
Investments	1,520,653	1,500,000
Accounts receivable	<u>154,243</u>	<u>153,666</u>
Total Financial Assets	<u>\$ 3,505,929</u>	<u>\$ 3,524,501</u>

As part of NYBAC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. In addition, as part of its liquidity management, NYBAC invests cash in excess of daily requirements in short-term investments such as certificate of deposits. The Organization strives to maintain liquid financial assets sufficient to cover ninety (90) days of general expenditures.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 14, 2021, the date which the financial statements were available for issue. Nothing came to our attention warranting adjustment or disclosure. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

The Management concluded that the impact of non-adjusting events from Covid-19 outbreak has not significantly affected the fair value of the financial assets and liabilities of NYBAC, including the classification of current and non-current items that were presented on the reporting date.

PART II – GOVERNMENT AUDITING STANDARDS SECTION

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Directors
New York City Business Assistance Corporation

We have audited, in accordance with the 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, the financial statements of New York City Business Assistance Corporation (NYBAC), a component unit of The City of New York, which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NYBAC's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NYBAC's internal control. Accordingly, we do not express an opinion on the effectiveness of the NYBAC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NYBAC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NYBAC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NYBAC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padilla and Company, LLP

Jamaica, New York

September 14, 2021

