

**MYRTLE AVENUE BROOKLYN DISTRICT
MANAGEMENT ASSOCIATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2009 and 2008

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Myrtle Avenue Brooklyn District Management Association, Inc.
Brooklyn, New York**

We have audited the accompanying balance sheet of Myrtle Avenue Brooklyn District Management Association, Inc. as of June 30, 2009 and 2008, and the related statements of activities and net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Myrtle Avenue Brooklyn District Management Association, Inc. as of June 30, 2009 and 2008, and the results of its operations, net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**ERNEST D. LOEWENWARTER & CO. LLP
Certified Public Accountants**

**Mineola, New York
November 13, 2009**

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

| | <u>A S S E T S</u> | |
|---------------------------|--------------------------------|--------------------------------|
| | <u>June 30,</u> <u>2009</u> | <u>June 30,</u> <u>2008</u> |
| CURRENT ASSETS: | | |
| Cash and Cash Equivalents | \$ 75,517 | \$ 60,028 |
| Accounts Receivable | 14,842 | 15,132 |
| Prepaid Expenses | <u>3,292</u> | <u>-0-</u> |
| | | |
| Total | <u>\$ 93,651</u> | <u>\$ 75,160</u> |

LIABILITIES AND NET ASSETS

| | | |
|---------------------------------------|-------------------------|-------------------------|
| CURRENT LIABILITIES: | | |
| Accounts Payable and Accrued Expenses | \$ 25,270 | \$ 9,425 |
| | | |
| NET ASSETS: | | |
| Unrestricted | <u>68,381</u> | <u>65,735</u> |
| | | |
| Total | <u>\$ 93,651</u> | <u>\$ 75,160</u> |

See Independent Auditors' Report.

The accompanying notes are an integral part of this statement.

EXHIBIT B

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF ACTIVITIES AND NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009 AND 2008

| | <u>June 30,</u> <u>2009</u> | <u>June 30,</u> <u>2008</u> |
|---------------------------------------|--------------------------------|--------------------------------|
| REVENUES: | | |
| Assessment Revenue | \$ 350,000 | \$ 350,000 |
| Contributions | 14,842 | 15,132 |
| Program Service Revenue | 14,165 | 25 |
| Interest Income | <u>753</u> | <u>1,897</u> |
| Total Revenues | <u>379,760</u> | <u>367,054</u> |
| EXPENSES: | | |
| Program Services: | | |
| Street Maintenance | 115,910 | 110,228 |
| Marketing & Promotion | 90,812 | 85,986 |
| New Initiatives | 72,113 | 41,016 |
| Beautification | <u>34,200</u> | <u>45,822</u> |
| Total Program Services | 313,035 | 283,052 |
| General and Administrative | <u>64,079</u> | <u>52,743</u> |
| Total Expenses | <u>377,114</u> | <u>335,795</u> |
| CHANGE IN NET ASSETS | 2,646 | 31,259 |
| NET ASSETS - Beginning of Year | <u>65,735</u> | <u>34,476</u> |
| NET ASSETS - End of Year | <u>\$ 68,381</u> | <u>\$ 65,735</u> |

See Independent Auditors' Report.

The accompanying notes are an integral part of this statement.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009 AND 2008

| | | | | | | | <u>Year Ended June 30,</u> | |
|---|-----------------------|------------------|------------------|--------------------|------------------------------|------------------------------|----------------------------|------------------------------|
| | Street Maintenance | Marketing | Beautification | New Initiatives | Total Program Services | Management And General | 2009 Total | Comparative 2008 Total |
| EXPENSES: | | | | | | | | |
| Salaries and Related Costs- | | | | | | | | |
| Salaries and Wages | \$ 28,838 | \$ 28,838 | \$ 14,232 | \$ 45,024 | \$ 116,932 | \$ 28,838 | \$ 145,770 | \$ 120,508 |
| Payroll Taxes and Benefits | 4,786 | 4,786 | 2,362 | 7,210 | 19,144 | 5,249 | 24,393 | 20,382 |
| Total Salaries and Related Costs | 33,624 | 33,624 | 16,594 | 52,234 | 136,076 | 34,087 | 170,163 | 140,890 |
| Rent Expense | 3,148 | 3,148 | 1,553 | 4,742 | 12,591 | 3,148 | 15,739 | 14,832 |
| Insurance | - | 3,230 | - | - | 3,230 | 1,968 | 5,198 | 1,173 |
| Professional Fees | - | - | - | - | - | 8,666 | 8,666 | 8,544 |
| Telephone, Fax & Internet | - | 1,164 | - | 20 | 1,184 | 1,903 | 3,087 | 3,064 |
| Professional Development | - | - | - | - | - | 2,774 | 2,774 | 359 |
| Computer Equipment & Supplies | - | - | - | - | - | 1,285 | 1,285 | - |
| Office Expense & Supplies | - | 362 | 71 | 233 | 666 | 4,309 | 4,975 | 5,208 |
| Bank Service Charges | - | - | - | - | - | 401 | 401 | 209 |
| Meetings & Conferences | - | 31 | - | 460 | 491 | 2,174 | 2,665 | 1,074 |
| Postage and Delivery | - | 2 | - | - | 2 | 174 | 176 | 210 |
| Dues and Subscriptions | - | 200 | - | - | 200 | 930 | 1,130 | 1,015 |
| Advertising | - | 3,650 | - | - | 3,650 | - | 3,650 | 2,350 |
| Printing | - | - | - | - | - | - | - | 309 |
| Utilities | - | - | - | - | - | 1,023 | 1,023 | 954 |
| Travel & Local Transportation | - | - | - | 89 | 89 | 462 | 551 | 480 |
| Consultants | - | 1,050 | 4,740 | - | 5,790 | 775 | 6,565 | 14,700 |
| Street Sweeping | 75,000 | - | - | - | 75,000 | - | 75,000 | 75,000 |
| Graffiti Removal | 807 | - | - | - | 807 | - | 807 | 268 |
| Tree Maintenance | 3,331 | - | 4,242 | - | 7,573 | - | 7,573 | 8,954 |
| Events / Programming | - | 30,751 | - | 275 | 31,026 | - | 31,026 | 22,736 |
| Promotional Materials | - | 9,255 | - | - | 9,255 | - | 9,255 | 11,118 |
| Holiday Lights | - | 4,345 | - | - | 4,345 | - | 4,345 | 13,800 |
| Storefront Improvement | - | - | - | 7,339 | 7,339 | - | 7,339 | 8,548 |
| Streetscape Improvement | - | - | 7,000 | - | 7,000 | - | 7,000 | - |
| Gardening & Horticulture | - | - | - | 321 | 321 | - | 321 | - |
| Public Art Installation | - | - | - | 6,400 | 6,400 | - | 6,400 | - |
| Total Expenses | \$ 115,910 | \$ 90,812 | \$ 34,200 | \$ 72,113 | \$ 313,035 | \$ 64,079 | \$ 377,114 | \$ 335,795 |

See Independent Auditors' Report.

The accompanying notes are an integral part of this statement.

Ernest D. Loewenwarter & Co. LLP
Certified Public Accountants

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009 AND 2008

| | <u>June 30,</u> <u>2009</u> | <u>June 30,</u> <u>2008</u> |
|---|--------------------------------|--------------------------------|
| NET CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (Decrease) in Net Assets | \$ 2,646 | \$ 31,259 |
| Changes in Assets and Liabilities: | | |
| Increase in Accounts Receivable | 290 | (13,882) |
| Decrease (Increase) in Prepaid Expenses | (3,292) | 2,272 |
| Decrease in Accounts Payable and Accrued Expenses | <u>15,845</u> | <u>(4,471)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>15,489</u> | <u>15,178</u> |
| NET INCREASE (DECREASE) IN CASH | 15,489 | 15,178 |
| CASH AND CASH EQUIVALENTS - Beginning of Period | <u>60,028</u> | <u>44,850</u> |
| CASH AND CASH EQUIVALENTS - End of Period | <u>\$ 75,517</u> | <u>\$ 60,028</u> |
| SUPPLEMENTAL DISCLOSURES: | | |
| Interest Paid | <u>\$ -0-</u> | <u>\$ -0-</u> |
| Income Taxes Paid | <u>\$ -0-</u> | <u>\$ -0-</u> |

See Independent Auditors' Report.

The accompanying notes are an integral part of this statement.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. ORGANIZATION:

The Myrtle Avenue Brooklyn District Management Association, Inc. (The “Corporation”) is a not-for-profit organization incorporated under New York State law in 2005.

The Corporation was formed for the charitable and public purpose of promoting the general welfare of the people in the Myrtle Avenue area of Brooklyn (the “District”), as described in the Myrtle Avenue Brooklyn Business Improvement District Plan , improving neighborhood conditions within the District, improving the environment of the District, and supplementing municipal services within the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Accounting Policies

Assets, liabilities, revenue and expenses are recognized on the accrual basis.

Assessments, contributions and grants are recorded in the period to which such assessments, contributions and grants are intended to apply.

Basis of Presentation

Net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be satisfied by actions of the Corporation.

MYRTLE AVENUE BROOKLYN DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

3. SERVICES AND PROGRAMS:

The Myrtle Avenue Brooklyn BID provides supplementary services to the commercial district between Flatbush Avenue Extension and Classon Avenue from assessments collected by the City of New York. The current annual assessment is \$350,000. The BID's services and programs consist of the following:

a) Street Maintenance:

The Street Maintenance Program provides supplementary sanitation, graffiti removal, sidewalk sweeping, and snow removal at bus shelters and crosswalks.

b) Marketing and Promotion:

The Marketing Program promotes the commercial corridor in order to increase business activity for all retailers within the district. The program includes advertising, branding of the shopping district, production of promotional materials, maintenance of a website and electronic communication, media relations, and special events and programming.

c) Beautification:

The Beautification Program maintains and waters street trees, plans for the planting of new street trees and other horticultural items, and implements small-scale streetscape and tree pit improvements.

d) New Initiatives:

The New Initiatives Program includes conducting economic development, urban planning, and public policy studies aimed at making future strategic planning and capital improvement decisions for the district, as well as a storefront improvement incentive grant program and a public art initiative.

4. TAXES:

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to income taxes on net income from exempt purposes.

5. COMMITMENTS:

The Company shares space with its affiliate, Myrtle Avenue Revitalization and Development Project LDC, which on September 1, 2008 renewed, for three years, its lease for office space located at 472 Myrtle Avenue, Brooklyn, N.Y. The company is currently funding, by agreement, one half of the monthly lease payments. The lease calls for gross monthly rent payments based on the following annual rent schedule for the years ending August 31, as follows:

| | |
|------|--------|
| 2010 | 33,396 |
| 2011 | 35,064 |