
***DOWNTOWN FLUSHING TRANSIT HUB DISTRICT
MANAGEMENT ASSOCIATION, INC.***

**Financial Statements
for the Year Ended June 30, 2017
and Independent Auditors' Report**

**DOWNTOWN FLUSHING TRANSIT HUB DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

CONTENTS	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statement of Activities	5
Statement of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
Statement of Functional Expenses	15



• **MAIN OFFICE**
133-10 39TH AVENUE
FLUSHING, NY 11354
TEL. (718)445-6308
FAX. (718)445-6760

• **CALIFORNIA OFFICE**
36 W BAY STATE STREET
ALHAMBRA, CA 91801
TEL. (626)282-1630
FAX. (626)282-9726

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Downtown Flushing Transit Hub District Management Association, Inc.

We have audited the accompanying financial statements of the Downtown Flushing Transit Hub District Management Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year ended June 30, 2017, and the related notes to the financial 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.

Auditors' 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. 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 the Downtown Flushing Transit Hub District Management Association, Inc. as of June 30, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Downtown Flushing Transit Hub District Management Association Inc.'s June 30, 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 15, 2016. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2016, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in blue ink that reads 'Wei Wei & Co., LLP'.

Flushing, New York
December 15, 2017

**DOWNTOWN FLUSHING TRANSIT HUB DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

ASSETS	2017	2016
Current assets:		
Cash (<i>Notes 2 and 3</i>)	\$ 301,911	\$ 251,790
Grants receivable (<i>Notes 2 and 6</i>)	103,252	99,420
Prepaid expenses	4,990	2,763
Total current assets	410,153	353,973
Property and equipment, at cost (<i>Note 2</i>):		
Furniture and fixtures	2,024	2,024
Machinery and equipment	40,000	40,000
Computers	9,559	9,559
Computer software	1,080	1,080
	52,663	52,663
Less: accumulated depreciation	(50,396)	(49,383)
Property and equipment, net	2,267	3,280
Other assets:		
Security deposits	1,506	1,506
Total other assets	1,506	1,506
TOTAL ASSETS	\$ 413,926	\$ 358,759

See accompanying notes to financial statements.

**DOWNTOWN FLUSHING TRANSIT HUB DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

LIABILITIES AND NET ASSETS	2017	2016
Liabilities:		
Accounts payable and accrued expenses	\$ 48,616	\$ 11,017
Payroll and payroll taxes payable	10,902	232
Total liabilities	59,518	11,249
Net assets (Note 2):		
Unrestricted	280,408	292,510
Temporarily restricted (Note 4)	74,000	55,000
Total net assets	354,408	347,510
TOTAL LIABILITIES AND NET ASSETS	\$ 413,926	\$ 358,759

See accompanying notes to financial statements.

**DOWNTOWN FLUSHING TRANSIT HUB DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)**

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
SUPPORT AND REVENUE:				
Special assessments (<i>Note 5</i>)	\$ 380,000	\$ -	\$ 380,000	\$ 380,000
Grants (<i>Note 6</i>)	240,196	-	240,196	132,626
Fundraising programs (<i>Note 7</i>)	129,799	25,000	154,799	111,416
Net assets released from restrictions	6,000	(6,000)	-	-
Interest income	850	-	850	491
Other Income	-	-	-	2,378
TOTAL SUPPORT AND REVENUE	756,845	19,000	775,845	626,911
EXPENSES:				
Program services:				
Banner program	6,826	-	6,826	4,212
Holiday lighting program	29,495	-	29,495	27,030
Sanitation services program (<i>Note 8</i>)	521,116	-	521,116	436,191
Promotional program	135,101	-	135,101	66,778
Support services:				
Management and general	76,409	-	76,409	66,850
TOTAL EXPENSES	768,947	-	768,947	601,061
CHANGE IN NET ASSETS	(12,102)	19,000	6,898	25,850
NET ASSETS - BEGINNING OF YEAR	292,510	55,000	347,510	321,660
NET ASSETS - END OF YEAR	\$ 280,408	\$ 74,000	\$ 354,408	\$ 347,510

See accompanying notes to financial statements.

**DOWNTOWN FLUSHING TRANSIT HUB DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,898	\$ 25,850
Adjustment to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,013	931
Changes in operating assets and liabilities:		
(Increase) in grants receivable	(3,832)	(99,420)
(Increase) decrease in prepaid expenses	(2,227)	1,592
Increase in accounts payable and accrued expenses	37,599	2,302
Increase (decrease) in payroll and payroll taxes payable	10,670	(5,324)
Net cash provided by (used in) operating activities	50,121	(74,069)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(1,848)
Increase in security deposits	-	(256)
Net cash (used in) investing activities	-	(2,104)
NET CHANGE IN CASH	50,121	(76,173)
CASH - BEGINNING OF YEAR	251,790	327,963
CASH - END OF YEAR	\$ 301,911	\$ 251,790

**SUPPLEMENTAL DISCLOSURE OF
CASH FLOW INFORMATION:**

Cash paid for interest	\$ -	\$ -
------------------------	------	------

See accompanying notes to financial statements.

DOWNTOWN FLUSHING TRANSIT HUB DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. NATURE OF ORGANIZATION

The Downtown Flushing Transit Hub District Management Association, Inc. (the “Organization”) was incorporated under section 402 of the Not-for-Profit Corporation Law of the State of New York on October 31, 2003. The Organization was established exclusively for charitable and public purposes including promoting the general welfare of the people of the City of New York generally, and specifically in the area known as the Downtown Flushing Transit Hub Business Improvement District (the “District”) to: improve neighborhood conditions within the City of New York and the District; provide public education services on the environment and improving the environment of the City of New York and the District; and supplement municipal services within the District (see Note 4).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

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

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization.

The Organization does not have any permanently restricted assets. As of June 30, 2017, the Organization had \$74,000 of temporarily restricted net assets (*Note 4*).

DOWNTOWN FLUSHING TRANSIT HUB DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Contributed services

The Organization receives donated services and materials from unpaid volunteers who assist in fund-raising and running of the Organization's activities and events. No amounts have been recognized in the statement of activities since the criteria for recognition under FASB ASC 958-605, *Revenue Recognition*, have not been satisfied.

Cash and cash equivalents

For the purposes of the statement of cash flows, the Organization considers all demand deposits and money market funds with original maturities of three months or less to be cash equivalents.

Income tax status

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. This code section enables the Organization to accept donations, which qualify as charitable contributions for the donor. Accordingly, no provision has been made for income taxes in the financial statements. There was no unrelated business income for the year ended June 30, 2017.

DOWNTOWN FLUSHING TRANSIT HUB DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Organization follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns and require that uncertain tax positions are evaluated in a two-step process. As of June 30, 2017, the Organization does not have a liability for any unrecognized tax benefits. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 months of the reporting date.

The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax, as required. Currently, the 2014, 2015, and 2016 tax years are open and subject to examination by the taxing authorities. However, the Organization is not currently under audit nor has the Organization been contacted by any of the taxing authorities.

Grants receivable

On a periodic basis, the Organization evaluates receivable balances and establishes an allowance for doubtful accounts, when necessary, based on the history of past write-offs, the age of the receivable, collections and current economic conditions. Grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The Organization considers grants receivable at June 30, 2017 to be fully collectible and, accordingly, no allowance for doubtful accounts has been recorded.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

For year ended June 30, 2017, 80% of joint costs have been allocated among the programs based on their percentage of exclusive program expenses.

DOWNTOWN FLUSHING TRANSIT HUB DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, equipment and depreciation

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded at their approximate fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the use of the asset to a specific purpose or time period. If the donor requires the property and equipment to be used for a specific purpose, restrictions on net assets are released as the asset is depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	7 years
Machinery and equipment	5 years
Computers	5 years
Computer software	3 years

Depreciation expense charged to operations for the year ended June 30, 2017 was \$1,013.

Use of estimates

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

Comparative financial information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

DOWNTOWN FLUSHING TRANSIT HUB DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts at several commercial banks. Cash accounts at each bank are insured by the Federal Deposit Insurance Corporation for up to \$250,000. As of June 30, 2017, the Organization did not have cash balances in excess of the FDIC insurance limit. The Organization performs ongoing evaluations of these commercial banks to limit its concentration of risk exposure.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 represent revenues received during fiscal years 2016 and 2017 for operations and support of the District in fiscal 2017.

Changes in temporarily restricted net assets for the year ended June 30, 2017 are as follows:

	Beginning Balance	Additions	Released	Ending Balance
Total temporarily restricted net assets	\$ 55,000	\$ 25,000	\$ 6,000	\$ 74,000

5. CONTRACT WITH THE CITY OF NEW YORK

On December 23, 2003, the Organization entered into a contract with the City of New York to receive funds specially assessed for the operation and maintenance of the District's improvements; for providing supplemental maintenance; and to enter into contracts with other entities for the purposes of providing services and carrying out the maintenance and operation of the improvements within the District.

The contract expires on June 30, 2018.

As of June 30, 2017, the Organization has received \$380,000 from the City of New York, representing payment for the fiscal year ended June 30, 2017.

DOWNTOWN FLUSHING TRANSIT HUB DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

6. GRANTS

The Organization received a grant from the City of New York, Department of Small Business Services (the “NYC DSBS”) to carry out various commercial revitalization programs in the District. The NYC DSBS grant is a reimbursement contract. Under expense reimbursement contracts, the Organization recognizes grant revenue as expenses are incurred to a maximum of the grant award.

Government-supported programs are subject to audit by the applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when the audits occur. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying financial statements. Management is of the opinion that disallowances, if any, would not be material to the accompanying financial statements.

As of June 30, 2017, there was \$103,252 due from the NYC DSBS, which is included in grants receivable in the Statement of Financial Position.

7. FUNDRAISING PROGRAMS

The Organization raises funds principally through its Banner, Holiday Lighting and Promotion programs. The Banner program allows members to sponsor and display advertising on lampposts within the District. The Holiday Lighting program promotes the local businesses and attracts shoppers to remain local and support the District. The Promotion program raises funds for marketing, street festival, and purchase of trash receptacles for the District. For the year ended June 30, 2017, the funds raised through the three programs were as follows:

Banner	\$ 60,900
Holiday Lighting	10,000
Promotion	83,899
	<hr/>
	\$ 154,799

DOWNTOWN FLUSHING TRANSIT HUB DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

8. CONTRACTED SERVICES

The Organization had entered into a contract with EMA Plus Services Corporation for the provision of street maintenance services in the District. The contract term was for one year, with a renewal option for an additional two years. The contract expired on February 28, 2017. The annual cost of providing services under the renewed agreement was \$270,000 for the year ended June 30, 2016, payable in monthly installments of \$22,500. The Organization is in the process of selecting new contractor to provide street maintenance services in the District.

9. LEASES

The Organization had an operating lease for office space which expired on June 30, 2017. On July 1, 2017, the Organization entered into a new operating lease, expiring on June 30, 2018. The new office lease requires the Organization to pay, as additional rent, cost of living and real estate escalation adjustments. Future minimum rental commitments under the lease are as follows:

Year Ending	
June 30, 2018	\$ 19,361

Rent expense for the year ended June 30, 2017 was \$18,436.

10. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

DOWNTOWN FLUSHING TRANSIT HUB DISTRICT MANAGEMENT ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

10. FAIR VALUE MEASUREMENTS (continued)

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

As of June 30, 2017, none of the assets and liabilities was required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including grants receivable, prepaid expenses, accounts payable and accrued expenses, and payroll and payroll taxes payable, approximated their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the year ended June 30, 2017.

11. SUBSEQUENT EVENTS

The Organization's management has performed subsequent events procedures through December 15, 2017, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to or disclosure in the financial statement.

SUPPLEMENTARY INFORMATION

**DOWNTOWN FLUSHING TRANSIT HUB DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

	Program Services				Sub Total	Support Services	Total	
	Banner Program	Holiday Lighting	Sanitation Services	Promotional Program		Management and General	2017	2016
Salaries and payroll taxes	\$ 1,297	\$ 5,639	\$ 99,602	\$ 25,823	\$ 132,361	\$ 33,090	\$ 165,451	\$ 125,533
Rent	144	628	11,099	2,878	14,749	3,687	18,436	17,726
Telephone	28	121	2,141	555	2,845	711	3,556	2,739
Office expenses	-	-	-	-	-	9,327	9,327	10,619
Banners, flags, and signs	5,320	-	-	-	5,320	-	5,320	3,275
Lighting and decorating	-	22,948	-	-	22,948	-	22,948	21,015
Street maintenance	-	-	380,098	-	380,098	-	380,098	307,705
Graffiti removal	-	-	15,445	-	15,445	-	15,445	10,115
Additional cleaning services	-	-	9,925	-	9,925	-	9,925	21,329
Promotional materials	-	-	-	105,117	105,117	-	105,117	51,921
Professional fees	-	-	-	-	-	7,340	7,340	6,159
Insurance expense	-	-	-	-	-	21,321	21,321	20,359
Other	29	124	2,197	570	2,920	730	3,650	1,635
Total expenses before depreciation	6,818	29,460	520,507	134,943	691,728	76,206	767,934	600,130
Depreciation	8	35	609	158	810	203	1,013	931
TOTAL EXPENSES	\$ 6,826	\$ 29,495	\$ 521,116	\$ 135,101	\$ 692,538	\$ 76,409	\$ 768,947	\$ 601,061

See independent auditors' report.