

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

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**FRANK J. SCARANO & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Wyandanch Community Development Corporation  
59 Cumberbach Street  
Wyandanch, New York 11798

We have audited the accompanying financial statements of Wyandanch Community Development Corporation (A nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and the statement of functional expenses for the year ended June 30, 2013.

*Managements 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 audits. We conducted our audits 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 judgement, 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 Wyandanch Community Development Corporation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

  
Certified Public Accountants

New Rochelle, New York  
September 26, 2013

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>Current assets:</u>		
Cash	\$ 94,614	\$ 179,884
Accounts receivable (Note 3)	41,810	48,045
Prepaid expenses	<u>8,546</u>	<u>11,925</u>
Total current assets	<u>144,970</u>	<u>239,854</u>
<u>Fixed Assets: (Note 1)</u>		
Land and buildings	1,519,553	1,318,497
Furniture & equipment	23,015	23,015
Construction in progress	<u>64,612</u>	<u>39,158</u>
	1,607,180	1,380,670
Less: accumulated depreciation	<u>(681,809)</u>	<u>(633,485)</u>
Total fixed assets	<u>925,371</u>	<u>747,185</u>
Total assets	<u>\$1,070,341</u>	<u>\$ 987,039</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Accounts payable & payroll tax withholdings	\$ 4,380	\$ 5,946
Accrued expenses	17,000	17,000
Tenants' security payable	24,570	23,541
Construction loan (Note 5)	20,140	-
Deferred revenue	<u>2,315</u>	<u>1,000</u>
Total current liabilities	<u>68,405</u>	<u>47,487</u>
<u>Long-Term Debt:</u>		
Mortgages Payable (Note 4)	<u>584,760</u>	<u>407,760</u>
Total long-term debt	<u>584,760</u>	<u>407,760</u>
Total liabilities	<u>653,165</u>	<u>455,247</u>
<u>Net Assets:</u>		
Unrestricted	<u>417,176</u>	<u>531,792</u>
Total net assets	<u>417,176</u>	<u>531,792</u>
Total liabilities and net assets	<u>\$1,070,341</u>	<u>\$ 987,039</u>

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

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2013 AND 2012

	Unrestricted	
	2013	2012
<u>Revenue and other support:</u>		
Grants	\$138,229	\$135,875
Rental income - Federal subsidies	98,626	104,568
Rental income - tenants	96,253	95,416
Gain on sale of property	-	146,623
Miscellaneous income	3,845	2,047
Fund raising event - net	157	1,341
Total revenue and support	<u>337,110</u>	<u>485,870</u>
<u>Expenses:</u>		
<u>Program services</u>		
DHCR Neighborhood Preservation	68,016	91,859
Community development	74,967	46,516
Rental property	<u>99,127</u>	<u>113,826</u>
Total program services	242,110	252,201
<u>Support Services</u>		
General and administrative	<u>209,616</u>	<u>200,056</u>
Total expenses	<u>451,726</u>	<u>452,257</u>
Increase (decrease) in net assets	(114,616)	33,613
Net assets at beginning of year	<u>531,792</u>	<u>498,179</u>
Net assets at end of year	<u>\$417,176</u>	<u>\$531,792</u>

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

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>Program Expenses</u>			<u>Total</u>
	<u>DHCR Neighborhood Preservation</u>	<u>Community Develop.</u>	<u>Rental Property</u>	
Salaries	\$68,016	\$38,510	\$ -	\$106,526
Fringe benefits	-	-	-	-
Stipends	-	10,120	-	10,120
Repairs & maintenance	-	-	30,243	30,243
Community revitalization Program activities	-	5,234	-	5,234
Real estate taxes	-	-	4,384	4,384
Utilities	-	-	5,389	5,389
Legal and accounting Consultants	-	2,530	2,536	2,536
Supplies	-	8,516	-	8,516
Telephone/internet service	-	-	-	-
Insurance expense	-	-	5,127	5,127
Staff training	-	-	-	-
Minor equipment	-	562	460	1,022
Fees and permits	-	20	1,200	1,220
Security	-	-	4,750	4,750
Meeting & conferences	-	-	-	-
Travel	-	522	-	522
Donations	-	8,953	-	8,953
Dues and subscriptions	-	-	-	-
Advertising & website	-	-	-	-
Miscellaneous	-	-	-	-
 Total functional expenses before depreciation	 68,016	 74,967	 54,089	 197,072
Depreciation expense	-	-	45,038	45,038
 Total functional expenses	 <u>\$68,016</u>	 <u>\$74,967</u>	 <u>\$ 99,127</u>	 <u>\$242,110</u>

<u>General and Administrative</u>	<u>Totals</u>	
	<u>2013</u>	<u>2012</u>
\$ 79,816	\$186,342	\$184,900
52,657	52,657	49,866
-	10,120	-
3,422	33,665	49,845
-	-	36,700
-	5,234	-
313	4,697	4,703
3,927	9,316	5,701
17,950	20,486	20,978
-	2,530	-
4,733	13,249	6,226
3,215	3,215	3,392
10,626	15,753	16,601
6,707	6,707	703
2,532	3,554	2,240
125	1,345	1,796
1,559	6,309	1,062
500	500	913
11,480	12,002	9,265
1,045	9,998	1,140
1,740	1,740	805
1,400	1,400	125
<u>2,583</u>	<u>2,583</u>	<u>1,990</u>
206,330	403,402	398,951
<u>3,286</u>	<u>48,324</u>	<u>53,306</u>
<u>\$209,616</u>	<u>\$451,726</u>	<u>\$452,257</u>

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

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Cash flows from operating activities:</u>		
Increase (decrease) in net assets	\$ (114,616)	\$ 33,613
<u>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities</u>		
Depreciation expense	48,324	53,306
<u>Change in current assets and liabilities</u>		
(Increase) decrease in accounts receivable	6,235	(27,626)
(Increase) decrease in prepaid expenses	3,379	(2,815)
Increase (decrease) in accounts payable, and payroll tax withholdings	(1,566)	(2,016)
Increase (decrease) in accrued expense	-	-
Increase (decrease) in tenants' security payable	1,029	(5,553)
Increase (decrease) in deferred revenue	<u>1,315</u>	<u>1,000</u>
Net cash provided (used) by operating activities	<u>(55,900)</u>	<u>49,909</u>
<u>Cash flows from investing activities:</u>		
Capital improvements & acquisition costs	(226,510)	(27,057)
Net dispositions of fixed assets	<u>-</u>	<u>72,321</u>
Net cash provided (used) by investing activities	<u>(226,510)</u>	<u>45,264</u>
<u>Cash flows from financing activities:</u>		
Proceeds from loans & mortgages	<u>197,140</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>197,140</u>	<u>-</u>
Net increase (decrease) in cash	(85,270)	95,173
Cash at beginning of year	<u>179,884</u>	<u>84,711</u>
Cash at end of year	<u>\$ 94,614</u>	<u>\$179,884</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
<u>Cash paid during the year</u>		
Interest expenses	<u>\$ 48</u>	<u>\$ 119</u>

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

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

Nature of Activities

Wyandanch Community Development Corporation (WCDC) was organized on November 8, 1971 under the laws of New York State, as a not-for-profit corporation, for the purpose of constructing and the operation of residential housing to be sold or rented to low income eligible individuals.

Basis of Accounting

The financial statements of WCDC have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, WCDC reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Comparative Financial Information

The statement of functional expenses include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Restricted and Unrestricted Revenue and Support

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. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Governmental grant awards are classified as refundable advances until expended in accordance with the grant/contract period.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Grants, Contracts, and Rents Receivable

Grants, contracts, and rents receivable are stated at the amount Management expects to collect from outstanding balances. Management does not provide for uncollectible amounts since any amounts that are not collected would not be material to the financial statements.

Property and Equipment

Expenditures in excess of \$1,000 which enhance the value of property and equipment are capitalized. Buildings, equipment and leasehold improvements are recorded at cost. Property and equipment acquired under governmental grants are expensed in the year acquired. Depreciation of property and equipment is being provided on the straight line method over the estimated useful life of the assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts of assets and liabilities and disclosure 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.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

WCDC maintains non-interest bearing checking accounts and an interest bearing savings account with two financial institutions located in Wyandanch, NY. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2013 all cash balances held by WCDC were fully insured.

Income Taxes

WCDC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes. Accordingly, no provision for income taxes has been made in the accompanying statements.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 2. Uncertainty in Income Taxes

Management has considered the tax positions taken in its tax returns and believes that all of the positions taken by WCDC in its federal and state exempt organization tax returns are more likely-than-not to be sustained upon examination.

WCDC's federal returns for the years ended June 30, 2013, 2012 and 2011 could be subject to examination by federal taxing authorities, generally three years after they are filed.

Subsequent Events

Management of WCDC has evaluated events and transactions subsequent to June 30, 2013 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through the date the financial statements became available to be issued, September 26, 2013.

Compensated absences

The liability for future compensated absences is immaterial at June 30, 2013 and 2012. Employees normally take their vacations prior to year end, the period vacation is earned.

Note 3. Accounts Receivable-Grants and Tenants

The details of the accounts receivable at June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
NYS - Housing and Community Renewal	\$34,200	\$34,200
Town of Babylon	3,510	13,800
Rents receivable	3,559	45
Other	<u>541</u>	<u>-</u>
Total	<u>\$41,810</u>	<u>\$48,045</u>

Note 4. Mortgages Payable

The mortgages payable to the Town of Babylon are considered liens on the property in the form of a mortgage. Interest on the mortgage is 4%, no payments are due unless the property is sold within 15 or 20 years from the date the mortgage was granted, or if WCDC doesn't comply with the affordability requirements set forth in the loan agreement. Under the terms of the loan agreement once the loan matures and all of the conditions of the agreement have been satisfied, WCDC receives a satisfaction of mortgage from Suffolk county.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 4. Mortgages Payable (continued)

Mortgages payable to the Town of Babylon, the location of these properties, the terms and amounts of these mortgages are as follows:

<u>Property Address</u>	<u>Terms</u>	<u>2013</u>	<u>2012</u>
6 Lindsay Avenue	15yrs - 01/01/2014	127,115	127,115
10 Lindsay Avenue	20yrs - 06/30/2026	110,000	110,000
145 Jefferson Avenue	20yrs - 08/27/2029	170,645	170,645
42 Irving Avenue	20yrs - 06/11/2013	<u>177,000</u>	<u>-</u>
		<u>\$584,760</u>	<u>\$407,760</u>

Note 5. Construction Loan

The construction loan balance of \$20,140 is from the Town of Babylon and represents advances for the construction of 45 Parkway Blvd. The loan is non-interest bearing. Upon completion of the construction the loan converts into a 20 year mortgage from the Town of Babylon.