

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

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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, 2014 and 2013, 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, 2014.

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, 2014 and 2013, 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.

Report on Summarized Comparative Information

We have previously audited the Wyandanch Community Development Corp's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financials statements in our report dated September 26, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent in all material respects, with the audited financial statements from which it has been derived.


September 23, 2014

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>Current assets:</u>		
Cash	\$ 35,896	\$ 94,614
Accounts receivable (Note 3)	56,720	50,090
Prepaid expenses	<u>7,956</u>	<u>8,546</u>
Total current assets	<u>100,572</u>	<u>153,250</u>
<u>Fixed Assets: (Note 1)</u>		
Land and buildings	1,758,318	1,519,553
Furniture & equipment	23,015	23,015
Construction in progress	<u>26,617</u>	<u>64,612</u>
	1,807,950	1,607,180
Less: accumulated depreciation	<u>(739,899)</u>	<u>(681,809)</u>
Total fixed assets	<u>1,068,051</u>	<u>925,371</u>
Total assets	<u>\$1,168,623</u>	<u>\$1,078,621</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities:</u>		
Accounts payable & payroll tax withholdings	\$ 7,515	\$ 4,380
Accrued expenses	17,000	17,000
Tenants' security payable	27,186	24,570
Construction loan (Note 5)	-	20,140
Deferred revenue	<u>-</u>	<u>2,315</u>
Total current liabilities	<u>51,701</u>	<u>68,405</u>
<u>Long-Term Debt:</u>		
Mortgages Payable (Note 4)	<u>764,760</u>	<u>584,760</u>
Total long-term debt	<u>764,760</u>	<u>584,760</u>
Total liabilities	<u>816,461</u>	<u>653,165</u>
<u>Net Assets:</u>		
Unrestricted	<u>352,162</u>	<u>425,456</u>
Total net assets	<u>352,162</u>	<u>425,456</u>
Total liabilities and net assets	<u>\$1,168,623</u>	<u>\$1,078,621</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, 2014 AND 2013

	<u>Unrestricted</u>	
<u>Revenue and other support:</u>	<u>2014</u>	<u>2013</u>
Grants	\$130,536	\$146,509
Rental income - Federal subsidies	95,685	98,626
Rental income - tenants	115,560	96,253
Miscellaneous income	4,155	3,845
Fund raising event - net	1,125	157
Total revenue and support	347,061	345,390
<u>Expenses:</u>		
<u>Program services</u>		
DHCR Neighborhood Preservation	80,465	68,016
Community development	48,053	74,967
Rental property	118,610	99,127
Total program services	247,128	242,110
<u>Support Services</u>		
General and administrative	173,227	209,616
Total expenses	420,355	451,726
Increase (decrease) in net assets	(73,294)	(106,336)
Net assets at beginning of year	425,456	531,792
Net assets at end of year	\$352,162	\$425,456

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, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>Program Expenses</u>			<u>Total</u>
	<u>DHCR Neighborhood Preservation</u>	<u>Community Develop.</u>	<u>Rental Property</u>	
Salaries	\$76,868	\$35,915	\$ -	\$112,783
Fringe benefits	-	332	-	332
Stipends	-	5,524	-	5,524
Repairs & maintenance	-	-	35,464	35,464
Program activities	-	-	-	-
Real estate taxes	-	-	4,384	4,384
Utilities	-	-	5,947	5,947
Legal and accounting	1,887	-	1,695	3,582
Consultants	-	-	-	-
Supplies	-	2,990	-	2,990
Telephone/internet service	-	-	153	153
Insurance expense	1,710	722	8,112	10,544
Staff training	-	-	-	-
Minor equipment	-	-	1,469	1,469
Fees and permits	-	-	1,828	1,828
Security	-	-	4,530	4,530
Meeting & conferences	-	-	-	-
Travel	-	40	-	40
Donations	-	2,500	-	2,500
Dues and subscriptions	-	30	-	30
Advertising & website	-	-	-	-
Miscellaneous	-	-	93	93
Total functional expenses before depreciation	80,465	48,053	63,675	192,193
Depreciation expense	-	-	54,935	54,935
Total functional expenses	<u>\$80,465</u>	<u>\$48,053</u>	<u>\$118,610</u>	<u>\$247,128</u>

<u>General and Administrative</u>	<u>Totals</u>	
	<u>2014</u>	<u>2013</u>
\$ 64,003	\$176,786	\$186,342
46,349	46,681	52,657
340	5,864	10,120
2,778	38,242	33,665
-	-	5,234
313	4,697	4,697
4,010	9,957	9,316
16,438	20,020	20,486
-	-	2,530
4,198	7,188	13,249
3,002	3,155	3,215
8,204	18,748	15,753
1,018	1,018	6,707
1,104	2,573	3,554
125	1,953	1,345
510	5,040	6,309
435	435	500
13,000	13,040	12,002
225	2,725	9,998
1,590	1,620	1,740
315	315	1,400
<u>2,115</u>	<u>2,208</u>	<u>2,583</u>
170,072	362,265	403,402
<u>3,155</u>	<u>58,090</u>	<u>48,324</u>
<u>\$173,227</u>	<u>\$420,355</u>	<u>\$451,726</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, 2014 AND 2013

	2014	2013
<u>Cash flows from operating activities:</u>		
Increase (decrease) in net assets	\$ (73,294)	\$ (106,336)
<u>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities</u>		
Depreciation expense	58,090	48,324
<u>Change in current assets and liabilities</u>		
(Increase) decrease in accounts receivable	(6,630)	(2,045)
(Increase) decrease in prepaid expenses	590	3,379
Increase (decrease) in accounts payable, and payroll tax withholdings	3,135	(1,566)
Increase (decrease) in accrued expense	-	-
Increase (decrease) in tenants' security payable	2,616	1,029
Increase (decrease) in deferred revenue	<u>(2,315)</u>	<u>1,315</u>
Net cash provided (used) by operating activities	<u>(17,808)</u>	<u>(55,900)</u>
<u>Cash flows from investing activities:</u>		
Capital improvements & acquisition costs	(200,770)	(226,510)
Net dispositions of fixed assets	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(200,770)</u>	<u>(226,510)</u>
<u>Cash flows from financing activities:</u>		
Proceeds from loans & mortgages	<u>159,860</u>	<u>197,140</u>
Net cash provided (used) by financing activities	<u>159,860</u>	<u>197,140</u>
Net increase (decrease) in cash	(58,718)	(85,270)
Cash at beginning of year	<u>94,614</u>	<u>179,884</u>
Cash at end of year	<u>\$ 35,896</u>	<u>\$ 94,614</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
<u>Cash paid during the year</u>		
Interest expenses	<u>\$ 34</u>	<u>\$ 48</u>

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

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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.

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.

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.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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, 2014 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.

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.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Note 2. Uncertainty in Income Taxes (continued)

WCDC's federal returns for the years ended June 30, 2014, 2013 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, 2014 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 23, 2014.

Compensated absences

The liability for future compensated absences is immaterial at June 30, 2014 and 2013. 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, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
NYS - Housing and Community Renewal	\$34,200	\$34,200
Town of Babylon	16,571	11,790
Rents receivable	5,949	3,559
Other	-	541
Total	<u>\$56,720</u>	<u>\$50,090</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 mortgages is 4%, no payments are due unless the properties are sold within a specified period (15 or 20 years) commencing on the date the mortgages was granted, or if WCDC doesn't comply with the affordable requirements set forth in the loan agreement. Under the terms of each of the loan agreements once the loans mature and all of the conditions of the agreement have been satisfied, WCDC receives a satisfaction of mortgage from Suffolk county for the property.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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>2014</u>	<u>2013</u>
6 Lindsay Avenue	15yrs - 06/01/2015	127,115	127,115
10 Lindsay Avenue	20yrs - 07/01/2026	110,000	110,000
145 Jefferson Avenue	20yrs - 09/01/2029	170,645	170,645
42 Irving Avenue	20yrs - 06/11/2033	177,000	177,000
45 Parkway Blvd	20yrs - 12/05/2033	180,000	-
		<u>\$764,760</u>	<u>\$584,760</u>

Note 5. Construction Loan

The construction loan balance at June 30, 2013 of \$20,140 was from the Town of Babylon and represents advances for the construction of 45 Parkway Blvd. Upon completion of the construction, the loan converted into a 20 year mortgage from the Town of Babylon for \$180,000, and is included in the mortgage payable balance at June 30, 2014. The loan was non-interest bearing.

Note 6. Restatement

The prior period adjustment was made due to an understatement of accounts receivable and grant income. The June 30, 2013 financial statements have been restated to reflect an increase in grant revenue for the year ended June 30, 2013. The effect of this restatement was an \$8,280 increase in the accounts receivable and net assets on the statement of financial position, and an \$8,280 increase in grant revenue on the statement of activities.