

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

TABLE OF CONTENTS

JUNE 30, 2015

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

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, 2015 and 2014, 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, 2015.

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, 2015 and 2014, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financials statements in our report dated September 23, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent in all material respects, with the audited financial statements from which it has been derived.

Frank J. Scarano CPA, Professional LLC

September 22, 2015

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
<u>Current assets:</u>		
Cash	\$ 189,709	\$ 35,896
Accounts receivable (Note 3)	29,194	56,720
Prepaid expenses	<u>11,489</u>	<u>7,956</u>
Total current assets	<u>230,392</u>	<u>100,572</u>
<u>Fixed Assets: (Note 1)</u>		
Land and buildings	1,715,662	1,758,318
Furniture & equipment	25,290	23,015
Construction in progress	<u>127,008</u>	<u>26,617</u>
	1,867,960	1,807,950
Less: accumulated depreciation	<u>(775,252)</u>	<u>(739,899)</u>
Total fixed assets	<u>1,092,708</u>	<u>1,068,051</u>
Total assets	<u>\$1,323,100</u>	<u>\$1,168,623</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<u>Current liabilities:</u>		
Accounts payable & payroll tax withholdings	\$ 6,459	\$ 7,515
Accrued expenses	18,000	17,000
Tenants' security payable	31,809	27,186
Construction loan (Note 5)	171,813	-
Deferred revenue	<u>2,500</u>	<u>-</u>
Total current liabilities	<u>230,581</u>	<u>51,701</u>
<u>Long-Term Debt:</u>		
Mortgages Payable (Note 4)	<u>764,760</u>	<u>764,760</u>
Total long-term debt	<u>764,760</u>	<u>764,760</u>
Total liabilities	<u>995,341</u>	<u>816,461</u>
<u>Net Assets:</u>		
Unrestricted	<u>327,759</u>	<u>352,162</u>
Total net assets	<u>327,759</u>	<u>352,162</u>
Total liabilities and net assets	<u>\$1,323,100</u>	<u>\$1,168,623</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, 2015 AND 2014

	<u>Unrestricted</u>	
<u>Revenue and other support:</u>	<u>2015</u>	<u>2014</u>
Grants	\$134,817	\$130,536
Rental income - Federal subsidies	76,609	95,685
Rental income - tenants	151,881	115,560
Gain on sale of property	115,808	-
Miscellaneous income	84	4,155
Fund raising event - net	<u>-</u>	<u>1,125</u>
Total revenue and support	<u>479,199</u>	<u>347,061</u>
 <u>Expenses:</u>		
<u>Program services</u>		
DHCR Neighborhood Preservation	88,434	80,465
Community development	46,983	48,053
Rental property	<u>96,667</u>	<u>118,610</u>
Total program services	232,084	247,128
 <u>Support Services</u>		
General and administrative	<u>271,518</u>	<u>173,227</u>
Total expenses	<u>503,602</u>	<u>420,355</u>
 Increase (decrease) in net assets	 (24,403)	 (73,294)
Net assets at beginning of year	<u>352,162</u>	<u>425,456</u>
 Net assets at end of year	 <u>\$327,759</u>	 <u>\$352,162</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, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	Program Expenses			Total
	DHCR Neighborhood Preservation	Community Develop.	Rental Property	
Salaries	\$84,780	\$32,228	\$ -	\$117,008
Fringe benefits	-	-	-	-
Stipends	-	5,001	-	5,001
Repairs & maintenance	-	-	17,546	17,546
Depreciation	-	-	59,607	59,607
Bad debt expense	-	-	-	-
Real estate taxes	-	-	3,872	3,872
Utilities	-	-	1,066	1,066
Legal and accounting	1,904	-	4,068	5,972
Supplies	-	700	-	700
Telephone/internet service	-	100	-	100
Insurance expense	1,750	1,489	6,333	9,572
Staff training	-	-	-	-
Minor equipment	-	-	1,513	1,513
Fees and permits	-	-	1,362	1,362
Security	-	-	1,300	1,300
Meeting & conferences	-	-	-	-
Travel	-	-	-	-
Donations	-	7,355	-	7,355
Dues and subscriptions	-	110	-	110
Advertising & website	-	-	-	-
Miscellaneous	-	-	-	-
Total functional expenses	<u>\$88,434</u>	<u>\$46,983</u>	<u>\$96,667</u>	<u>\$232,084</u>

<u>General and Administrative</u>	<u>Totals</u>	
	<u>2015</u>	<u>2014</u>
\$122,777	\$239,785	\$176,786
48,021	48,021	46,681
300	5,301	5,864
4,614	22,160	38,242
3,213	62,820	58,090
34,200	34,200	-
258	4,130	4,697
3,620	4,686	9,957
18,146	24,118	20,020
4,829	5,529	7,188
2,612	2,712	3,155
7,203	16,775	18,748
454	454	1,018
2,180	3,693	2,573
-	1,362	1,953
902	2,202	5,040
1,301	1,301	435
12,612	12,612	13,040
823	8,178	2,725
532	642	1,620
664	664	315
<u>2,257</u>	<u>2,257</u>	<u>2,208</u>
<u>\$271,518</u>	<u>\$503,602</u>	<u>\$420,355</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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Cash flows from operating activities:</u>		
Increase (decrease) in net assets	\$ (24,403)	\$ (73,294)
Gain on sale of fixed assets	(115,808)	-
<u>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities</u>		
Depreciation expense	62,820	58,090
<u>Change in current assets and liabilities</u>		
(Increase) decrease in accounts receivable	27,526	(6,630)
(Increase) decrease in prepaid expenses	(3,533)	590
Increase (decrease) in accounts payable, and payroll tax withholdings	(1,056)	3,135
Increase (decrease) in accrued expense	1,000	-
Increase (decrease) in tenants' security payable	4,623	2,616
Increase (decrease) in deferred revenue	<u>2,500</u>	<u>(2,315)</u>
Net cash provided (used) by operating activities	<u>(46,331)</u>	<u>(17,808)</u>
<u>Cash flows from investing activities:</u>		
Capital improvements & acquisition costs	(109,617)	(200,770)
Net dispositions of fixed assets	<u>137,948</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>28,331</u>	<u>(200,770)</u>
<u>Cash flows from financing activities:</u>		
Proceeds from loans & mortgages	<u>171,813</u>	<u>159,860</u>
Net cash provided (used) by financing activities	<u>171,813</u>	<u>159,860</u>
Net increase (decrease) in cash	153,813	(58,718)
Cash at beginning of year	<u>35,896</u>	<u>94,614</u>
Cash at end of year	<u>\$ 189,709</u>	<u>\$ 35,896</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
<u>Cash paid during the year</u>		
Interest expenses	<u>\$ 101</u>	<u>\$ 34</u>

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

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1. Organization and Summary of Operations

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.

Note 2. Summary of Significant Accounting Policies

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, 2015

Note 2. 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, 2015 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.

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, 2015, 2014 and 2013 could be subject to examination by federal taxing authorities, generally three years after they are filed.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 2. Summary of Significant Accounting Policies (continued)

Subsequent Events

Management of WCDC has evaluated events and transactions subsequent to June 30, 2015 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 22, 2015.

Compensated absences

The liability for future compensated absences is immaterial at June 30, 2015 and 2014. 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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
NYS - Housing and Community Renewal	\$ -	\$34,200
Town of Babylon	16,883	16,571
Rents receivable	<u>12,311</u>	<u>5,949</u>
Total	<u>\$29,194</u>	<u>\$56,720</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 rates on the mortgages are 4% per annum, no payments are due unless the properties are sold within a specified period (15 or 20 years) commencing on the date the mortgages were granted, or if WCDC doesn't comply with the affordability 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, 2015

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>2015</u>	<u>2014</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	<u>180,000</u>	<u>180,000</u>
		<u>\$764,760</u>	<u>\$767,760</u>

Note 5. Construction Loan

The construction loan balance at June 30, 2015 of \$171,813 was from the Town of Babylon and represents advances for the construction of two houses located at 38 Davidson Street and 17 Hickory Street. Upon completion of the construction, the loans will be converted into 20 year mortgages from the Town of Babylon for \$125,000 per property. The construction loans are non-interest bearing.