

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Financial Statements
and Required Supplementary Information

Years Ended June 30, 2020 and 2019
With Independent Auditor's Report



NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Table of Contents

PART I - FINANCIAL SECTION

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 7
Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 19

PART II - GOVERNMENT AUDITING STANDARDS SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	20 - 21
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

PART I – FINANCIAL SECTION

Independent Auditor's Report

The Board of Directors
New York City Business Assistance Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of New York City Business Assistance Corporation (NYBAC), a nonprofit organization and a component unit of The City of New York, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise NYBAC's basic financial statements as listed in the table of contents.

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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 NYBAC as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter

The financial statements of NYBAC as of and for the year ended June 30, 2019 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2019 financial statements on their report dated August 30, 2019.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we also have issued our report dated August 25, 2020, on our consideration of NYBAC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NYBAC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering NYBAC's internal control over financial reporting and compliance.

Padilla and Company, LLP

Jamaica, New York

August 25, 2020

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

(a component unit of the City of New York)

Management's Discussion and Analysis

The intent of providing management's discussion and analysis is to provide readers with a comprehensive overview of the New York City Business Assistance Corporation's ("NYBAC") financial condition as of June 30, 2020 and 2019 and the result of its operations for the years then ended. Management has prepared the financial statements and related footnote disclosures in accordance with accounting principles generally accepted in the United States of America. This management's discussion and analysis should be used in conjunction with the audited financial statements and related footnotes of NYBAC.

Background

NYBAC was created with the exclusively charitable and public purposes of promoting and providing for maximum employment, maintaining and bettering job opportunities in the City of New York, supporting new and existing industries, encouraging the economic development of the City of New York and lessening the burdens of government. Over the years, NYBAC has operated or assisted in numerous programs, including the Urban Summit, a conference of mayors that focused on common problems facing urban areas and the UN50 Celebration, a series of events designed to celebrate the 50th anniversary of the United Nations. NYBAC operates various programs with the ultimate goal of encouraging economic development in the City of New York. These programs serve small businesses throughout the City of New York involving assistance to community organizations and support services for businesses. Some of these programs include:

- *BID Neighborhood Challenge* is a program that pairs non-profit community organizations and tech companies to create and implement tools that address specific issues facing commercial districts.
- *The Downtown Jamaica Storefront Improvement Program* is a program designed to revitalize building facades, improve commercial corridors and promote the character and stability of Downtown Jamaica.
- *NYCHA Food Business Pathways* is an innovative business development program designed exclusively for public housing resident entrepreneurs to provide 10 - 12 weeks of food entrepreneurship training, business coaching, grants for permits and licensing and free food incubator space post completion of the program for selected graduates through the food business pathway program.
- *Childcare Business Pathways* is a cohort-based program that supports New York City Housing Authority residents in launching home-based childcare businesses.
- *WE Credit Loan/Loss Fund* is a program designed to support small-and early-stage women entrepreneurs in accessing flexible working capital for their firms.
- *Small Business Financing* is an initiative to connect New York City business owners to the financing products that best meet their business needs during and after the Covid-19 pandemic.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Management's Discussion and Analysis (continued)

NYBAC has also provided support following emergencies and natural disasters that have impacted small businesses. For fiscal years ended June 30, 2020 and 2019, NYBAC expended \$555,719 and \$693,425, respectively for the various programs it currently administers. The financial highlights are detailed below.

Financial Highlights - Fiscal Year 2020

Net Position: \$3,822,684

- Cash, cash equivalents and investments increased by \$179,157 (or 6%)
- Accounts receivable increased by \$153,666 (or 100%)
- Prepaid expenses and other current assets increased by \$24,039 (or 100%)
- Loan loss reserve receivable increased by \$287,000 (or 100%)
- Accounts payable and accrued expenses increased by \$7,856 (or more than 100%)

Change in Net Position: \$636,006 increase

- Operating grants and contributions amounted to \$1,179,627 (or 14% decrease)
- Operating expenses amounted to \$556,613 (or 20% decrease)
- Other income amounted to \$12,992 (or more than 100% increase)

Overview of the Financial Statements

This report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). NYBAC follows enterprise fund reporting; therefore, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents the financial position of the Fund as of June 30, 2020 and 2019. It provides information about the nature and the amount of resources (assets), plus deferred outflows (as applicable), obligations (liabilities), plus deferred inflows (as applicable) and net position.

The statement of revenue, expenses and changes in net position presents the change in net position over the course of the years ended June 30, 2020 and 2019. The change in net position may be useful in assessing whether the financial position improved or deteriorated for the year.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Management’s Discussion and Analysis (continued)

The statement of cash flows presents the cash activities segregated by four major cash flow categories; operating activities, noncapital financing activities, capital and related financing activities and investing activities. This statement may be useful in determining the changes in liquidity and in understanding how cash and cash equivalents were used during the years ended June 30, 2020 and 2019.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of NYBAC’s Net Position

The following table summarizes NYBAC’s financial position at June 30, 2020 and 2019 and the percentage change between the years.

	2020	2019	Variance	
			Amount	%
Current assets	\$ 3,548,540	\$ 3,191,678	\$ 356,862	11%
Non-current assets	287,000	-	287,000	100%
Current liabilities	12,856	5,000	7,856	157%
Restricted net position	3,584,144	2,960,236	623,908	21%
Unrestricted net position	238,540	226,442	12,098	5%

Current assets

As of June 30, 2020, NYBAC had current assets of \$3,548,540 consisting of cash, cash equivalents, investments, accounts receivable, and prepayments. Cash, cash equivalents and investments increased by \$179,157 or 6% in comparison to the prior fiscal year resulting from the increase in contributions received for the new programs such as the Small Business Financing Program and Covid-19 Small Business Continuity Loan Program. During the fiscal year, NYBAC purchased certificate of deposit with JP Morgan Chase bank amounting to \$1,500,000 with interest rate of 1.49% maturing on October 6, 2020. The increase in accounts receivable balance by \$153,666 or 100% primarily resulted from a receivable from Small Business Financing, NYS Main Street Grant and Immigrant for Business Initiative programs. The increase in prepaid expenses and other current assets amounting to \$24,039 or 100% primarily relates to a multi-year subscription prepayment and interest accrued on temporary investment.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

(a component unit of the City of New York)

Management's Discussion and Analysis (continued)

Non-current assets

Non-current assets increased by \$287,000 or 100% primarily resulting from a loan loss reserve fund that was established in connection with the 10,000 Small Business Initiative and the WE NYC Loan Loss Reserve Fund Program to support loans to qualifying small businesses.

Current liabilities

As of June 30, 2020, NYBAC has current liabilities of \$12,856 consisting of accrual for audit fees and accounts payable under Love your Local Grants program . Current liabilities increased by \$7,856 or more than 100% in comparison to the prior fiscal year.

Restricted net position

The restricted net position has increased by \$623,908 or 21% as compared to the prior year. The increase in the restricted net position was primarily the result of the increase of contributions received in the current fiscal year for various programs such as the Small Business Financing Program and Covid-19 Small Business Continuity Loan Program.

Unrestricted net position

The unrestricted net position has increased by \$12,098 or 5% as compared to the prior year. The increase in the unrestricted net position was primarily the result of interest income earned during the year.

Operating Activities

The following table summarizes NYBAC's operating activities for the years ended June 30, 2020 and 2019 and the percentage change between the years.

	2020	2019	Variance	
			Amount	%
Operating revenues	\$ 1,179,627	\$ 1,374,103	\$ (194,476)	-14%
Operating expenses	556,613	697,974	(141,361)	-20%
Operating income	623,014	676,129	(53,115)	-8%
Non-operating income	12,992	725	12,267	1692%
Change in net position	\$ 636,006	\$ 676,854	\$ (40,848)	-6%

Operating revenues

During the current fiscal year, NYBAC received contributions totaling \$1,179,627 in comparison to \$1,374,103 in the prior year. As a result, NYBAC's revenues decreased by \$194,476 or 14% due to lower contributions received in the current fiscal year for various new programs.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Management's Discussion and Analysis (continued)

Operating expenses

During the current fiscal year, NYBAC's operating expenses were \$556,613 which was \$141,361 or 20% lower than the prior year, primarily due to a decrease in grants and expenses paid out during the current fiscal year for existing programs.

Operating income (loss)

Operating income has decreased by \$53,115, or 8% in comparison to the prior fiscal year. This is mainly due to the decrease in contributions received in the current fiscal year and additional expenses to offset them.

Non-operating income

Non-operating income has increased by \$12,267 or more than 100% due to additional interest income earned in the current fiscal year from the temporary investment.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Statements of Net Position
As of June 30, 2020 and 2019

ASSETS	2020	2019
	<hr/>	<hr/>
Current Assets		
Cash and cash equivalents (Note 3)	\$ 1,870,835	\$ 3,191,678
Investments (Note 4)	1,500,000	-
Accounts receivable (Note 5)	153,666	-
Prepaid expenses and other current assets	24,039	-
Total current assets	<hr/> 3,548,540	<hr/> 3,191,678
Non-current Assets		
Loan loss reserve receivable (Note 6)	287,000	-
Total Assets	<hr/> <hr/> \$ 3,835,540	<hr/> <hr/> \$ 3,191,678
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 12,856	\$ 5,000
Total Liabilities	<hr/> 12,856	<hr/> 5,000
Net Positions		
Restricted - expendable (Note 8)	3,584,144	2,960,236
Unrestricted	238,540	226,442
Total net position	<hr/> 3,822,684	<hr/> 3,186,678
Total liabilities and net position	<hr/> <hr/> \$ 3,835,540	<hr/> <hr/> \$ 3,191,678

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

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues		
Operating grants and contributions	\$ 1,179,627	\$ 1,374,103
Total operating revenues	<u>1,179,627</u>	<u>1,374,103</u>
Operating expenses		
Consulting services	23,400	9,515
Professional services	14,785	7,105
Advertising & marketing	1,677	188
Meeting & conference	3,457	33,888
Grants	414,563	413,112
Service agreement	76,080	203,462
Insurance & permit	7,900	11,860
Incubator rental	12,513	-
Miscellaneous	2,238	18,844
Total operating expenses	<u>556,613</u>	<u>697,974</u>
Operating income	<u>623,014</u>	<u>676,129</u>
Non-Operating revenues		
Interest income	12,992	725
Total non-operating revenue	<u>12,992</u>	<u>725</u>
Change in net position	636,006	676,854
Net position, beginning of the year	<u>3,186,678</u>	<u>2,509,824</u>
Net position, end of the year	<u><u>\$ 3,822,684</u></u>	<u><u>\$ 3,186,678</u></u>

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

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Statements of Cash Flows
For the years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from grants and contributions	\$ 1,025,961	\$ 1,374,103
Cash paid for loan loss reserve receivable	(287,000)	-
Cash paid for prepaid expenses	(24,039)	-
Payments to vendors and suppliers	(548,757)	(697,974)
Net cash provided by operating activities	166,165	676,129
Cash flows from investing activities		
Purchase of certificate of deposit	(1,500,000)	-
Interest income	12,992	725
Net cash provided by (used in) investing activities	(1,487,008)	725
Cash flows from capital and related financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(1,320,843)	676,854
Cash and cash equivalents at the beginning of the year	3,191,678	2,514,824
Cash and cash equivalents at the end of the year	1,870,835	3,191,678
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	623,014	676,129
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts receivable	(153,666)	-
(Increase) decrease in loan loss reserve receivable	(287,000)	-
(Increase) decrease in prepaid expenses and other current assets	(24,039)	-
Increase (decrease) in accounts payable and accrued expenses	7,856	-
Net cash provided by (used in) operating activities	\$ 166,165	\$ 676,129

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

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

(a component unit of the City of New York)

Notes to the Financial Statements June 30, 2020 and 2019

NOTE 1: ORGANIZATION AND NATURE OF BUSINESS

New York City Business Assistance Corporation (“NYBAC”) is a non-profit organization incorporated pursuant to section 1411 of the Not-for-Profit Corporation Law of the State of New York on December 4, 1988 for the purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment in New York City, encouraging the development and/or retention of business in New York City, instructing or training individuals to improve or develop their capabilities for jobs in business, carrying on scientific research for the purpose of aiding New York City by attracting new business or by encouraging economic development, and lessening the burdens of government, acting on the public interest, including but not limited to promoting the general welfare of the people of New York City.

NYBAC is a not-for-profit organization operating under the internal Revenue Code Section 501 (c) (3) and is, therefore, not subject to Federal, State or City income taxes.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by Governmental Accounting Standards Board (“GASB”), Financial Accounting Standards Board (“FASB”) Statements and Interpretations and Accounting Principles Board Opinions, unless those pronouncements conflict with or contradict GASB pronouncements. NYBAC has determined that it functions as an enterprise fund as defined by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Starting for the fiscal period ending June 30, 2018, NYBAC has been determined to meet the criteria established by the Governmental Accounting Standards Board (“GASB”) Statement No. 14 and as a result is classified as a component unit of New York City. Component units are separate entities, which are incorporated into The City of New York’s financial statements for reporting purposes. Pursuant to GASB 14, NYBAC must be included in The New York City Comptroller’s Comprehensive Annual Financial Report.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Notes to the Financial Statements
June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB No. 34 requires that resources be classified for accounting purposes into the following net position categories: (a) Invested in capital assets, (b) Restricted non-expendable, (c) Restricted expendable and (d) Unrestricted. NYBAC's restricted expendable net position has been restricted in accordance with terms of an award agreement or by state law.

Operating activities in the statement of revenues, expenses and changes in net position are those that generally result from exchange transactions such as grants and fees. Operating revenues and expenses are those that directly relate to the organization fulfilling its mission statement including certain administrative expense. Certain other transactions that are not meeting this definition are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include interest income.

Recently Issued GASB Pronouncements

In 2020, NYBAC adopted the following new accounting standards:

GASB Statement No. 84, Fiduciary Activities, was issued in January 2017. The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement is effective for fiscal years beginning after December 15, 2018. The adoption of this standard did not impact the financial statements.

In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement are effective for fiscal years beginning after June 15, 2018. The adoption of this standard did not impact the financial statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

(a component unit of the City of New York)

Notes to the Financial Statements

June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued GASB Pronouncements (continued)

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Provisions of this statement are effective for fiscal years beginning after December 15, 2019. The adoption of this standard did not impact the financial statements.

In August 2018, GASB issued Statement No. 90, Majority Equity Interests. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. Provisions of this statement are effective for fiscal years beginning after December 15, 2018. The adoption of this standard did not impact the financial statements.

GASB Statement No. 91, Conduit Debt Obligations, was issued in May 2019. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Provisions of this statement are effective for fiscal years beginning after December 15, 2020. NYBAC does not anticipate the adoption of this standard to have an impact on the financial statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

(a component unit of the City of New York)

Notes to the Financial Statements

June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash and Cash Equivalents

For the purposes of the statement of net position and the statement of cash flows, NYBAC considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity of three months or less.

C. Concentration of Credit Risk

Financial instruments that potentially expose NYBAC to concentrations of credit and market risk consist primarily of cash, cash equivalents and temporary investments. Cash, cash equivalents and temporary investments are maintained at high quality financial institution. Federal Depository Insurance Corporation provides deposit insurance up to \$250,000.

D. Grants and contributions

Grants and contributions are classified as unrestricted or restricted net position in the accompanying statement of net position depending on any donor restriction.

E. Revenue and Expense Classification

NYBAC distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. The principal operating revenues are grants from and through the City (Note 8). NYBAC's operating expenses include project and program costs and general administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is NYBAC's policy to use restricted resources first, and then unrestricted resources as needed.

F. Use of Estimates

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

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

(a component unit of the City of New York)

Notes to the Financial Statements

June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fair Value Measurements

NYBAC accounts for fair value measurements under FASB *Accounting Standards Codification (ASC) 820, Fair Value Measurements*, which establishes a hierarchy for inputs used to measure fair value based on the nature of the data input, which generally ranges from Level 1 to Level 3. Multiple inputs may be used to measure fair value.

Level 1: Inputs to the valuation methodology that are unadjusted quoted prices for the identical assets or liabilities in active markets in which they are traded.

Level 2: Measurements derived indirectly from observable inputs or from quoted prices for markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risk and others.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 3: CASH AND CASH EQUIVALENTS

NYBAC's cash and cash equivalents is comprised of cash in bank deposited in JP Morgan Chase, which was covered by the Federal Depository Insurance Corporation ("FDIC"). FDIC provides deposit insurance up to \$250,000. Cash balance in excess of the FDIC coverage was uncollateralized. All cash and cash equivalents balance are available for support of specific programs and operating expenses.

Cash and cash equivalents for the fiscal years ending June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash in bank - Checking	\$ 1,541,711	\$ 1,362,894
Cash in bank - Savings	329,124	1,828,784
Total	<u>\$ 1,870,835</u>	<u>\$ 3,191,678</u>

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Notes to the Financial Statements
June 30, 2020 and 2019

NOTE 4: INVESTMENTS

Investments include certificate of deposit (CD) in the bank with original maturities of more than three months. As of audit report date, NYBAC's investment consist of a CD with JP Morgan Chase amounting to \$1,500,000 maturing on October 6, 2020 with an interest rate of 1.49% per annum. Interest income arising from the CD amounted to \$12,665 for fiscal year ending June 30, 2020. The fair value of the investment approximates their carrying amount due to the short-term nature of this financial asset.

NOTE 5: ACCOUNTS RECEIVABLE

This account consists of grants receivable for the following programs:

	<u>2020</u>	<u>2019</u>
Small Business Financing	\$ 149,225	\$ -
NYS Main Street Grant	3,919	-
Immigrant for Business Initiative	522	-
Total	<u>\$ 153,666</u>	<u>\$ -</u>

There were no subsequent collections as of the audit report date.

NOTE 6: LOAN LOSS RESERVE RECEIVABLE

A loan loss reserve fund amounting to \$287,000 was established in connection with the 10,000 Small Business Initiative and the WE NYC Loan Loss Reserve Fund Program to support loans to qualifying small businesses to expand their businesses and promote economic growth in the City of New York. Any portion of the reserve fund remaining shall be returned to NYBAC upon the extinguishment of all outstanding program loans.

NOTE 7: IN-KIND AND DONATED SERVICES

NYBAC's office space is rent free, located at One Liberty Street, 11th Floor, New York, NY 10006. The space is donated by The City of New York and no in-kind values have been recognized in the financial statements. NYBAC also receives from New York City Department of Small Business Services ("SBS") administrative, financial, legal, and other services necessary for the administration of NYBAC free of charge and no in-kind value has been recognized in the financial statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

(a component unit of the City of New York)

Notes to the Financial Statements

June 30, 2020 and 2019

NOTE 8: RESTRICTED - EXPENDABLE

Restricted expendable net position represents resources provided by donors to fund various projects undertaken for the benefit of and on behalf of the City. The following table summarizes support received from donors and expenditures made for such projects for the years ended June 30, 2020 and 2019.

Program Services	Net Position	Current Year		Net Position
	Balance at June 30, 2019	Contributions and Grants	Program Services	Balance at June 30, 2020
Microgrant for Business	\$ 76,138	\$ -	\$ -	\$ 76,138
Downtown Jamaica SIP	355,983	-	165,937	190,046
Printer's Fund	503,997	-	-	503,997
NYS Main Street Grant	4,464	3,919	8,383	-
Business Emergency Grant	30,605	-	-	30,605
Neighborhood Awards	20,352	-	-	20,352
BID - Neighborhood Challenge	203,055	-	1,778	201,277
Northwest Bronx Entrepreneurship - Fast Track	27,212	-	-	27,212
NYCHA Food Business Pathways	42,901	-	20,889	22,012
Love Your Local Grants	340,000	-	272,127	67,873
Minority and Women-Owned Business Enterprise	2,436	-	-	2,436
WE Credit Loan/Loss Fund	440,000	-	-	440,000
Childcare Business Pathways	58,303	-	30,331	27,972
125th Street Development	178,672	-	-	178,672
Sector Specific Business Pathways	249,890	-	51,904	197,986
Immigrant for Business Initiative	40,376	522	522	40,376
Business Pitch Education & Competition Initiative	7,275	-	-	7,275
Business Solutions/Tech Coalition	24,058	-	-	24,058
Corporate Alliance Program	32,267	-	3,848	28,419
Business Relocation Assistance	319,314	-	-	319,314
Healthcare Growth Services	2,938	-	-	2,938
Small Business Financing	-	1,075,186	-	1,075,186
Covid-19 Small Business Continuity	-	100,000	-	100,000
Total	\$ 2,960,236	\$ 1,179,627	\$ 555,719	\$ 3,584,144

Operating expenses include project and program costs and general administrative expenses. Amount above excludes General Fund expenses of \$894.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

(a component unit of the City of New York)

Notes to the Financial Statements

June 30, 2020 and 2019

NOTE 9: COMMITMENTS

Pursuant to approved agreements between NYBAC and various grantees, NYBAC was committed to fund projects upon meeting the required terms and conditions of the award. Outstanding commitments consisted of the following:

<u>Program/Grantee</u>	<u>Approval Date</u>	<u>Total Commitment</u>	<u>2019 YTD Total Expenses</u>	<u>2019 Outstanding Commitment</u>	<u>2020 YTD Total Expenses</u>	<u>2020 Outstanding Commitment</u>
BID Neighborhood Challenge						
Graham Avenue BID	3/1/2016	\$100,000	\$35,363	closed	\$ -	closed
Made in Brownsville	11/1/2016	100,000	100,000	-	-	-
Chinatown Partnership	11/1/2017	100,000	100,000	-	-	-
Downtown Brooklyn Partnership	8/1/2017	100,000	99,731	closed	-	closed
Long Island City Partnership	12/1/2017	100,000	100,000	-	-	-
Myrtle Avenue Revitalization Project	10/1/2017	100,000	99,983	closed	-	closed
Rockaway Business Alliance	10/1/2017	100,000	100,000	-	-	-
Food Business Pathways						
NYC Housing Authority	2/9/2015	550,000	507,099	42,901	20,648	22,253
Sector-Specific Business Pathways	11/30/2018	250,000	-	-	51,304	198,696
Downtown Jamaica Storefront Improvement Program						
Bright D Limm LLC	5/1/2019	20,000	-	20,000	20,000	closed
Make Me Over Beauty Bar	2/28/2019	7,476	-	7,476	7,116	360
Mattone Group Jamaica Co., LLC	10/10/2019	40,000	-	-	40,000	-
New York Ophthalmology	5/26/2019	30,000	-	30,000	30,000	-
Rincon Salvadoreno & Jamz Café	5/29/2019	44,000	-	44,000	44,000	-
Laura Heim Architect PLLC	1/1/2018	78,500	19,400	59,100	22,900	36,200
Greater Jamaica Development Corporation	1/23/2018	38,500	38,500	-	-	-
Furniture Mania	2/25/2020	44,000	-	-	-	44,000
NYS Main Street Grant Program						
Eric Richey Architect PLLC	5/20/2019	10,250	1,250	9,000	6,000	3,000
Flatly Read	5/20/2019	2,570	-	2,570	2,285	285
Love Your Local Grants						
101 Bedford Ave Bean LLC	9/11/2019	20,000	-	-	20,000	-
Arthur Cantina Inc	2/21/2020	20,000	-	-	20,000	-
Beas Tavern Inc	2/19/2020	36,000	-	-	-	36,000
Bruno in Harlem	12/19/2018	20,000	20,000	-	-	-
Cowgirl Seahorse Inc	11/20/2019	20,000	-	-	9,949	10,051
DLA Restaurants LLC	12/6/2019	20,000	-	-	10,993	9,007
Entertaining Ideas Inc	1/15/2020	20,000	-	-	20,000	-
Kepco Inc	2/13/2020	90,000	-	-	20,000	70,000
Lighthouse Fishmarket	12/14/2018	20,000	20,000	-	-	-
IDG Seaport	12/14/2018	20,000	20,000	-	-	-
Neirs Tavern, Inc.	1/13/2020	90,000	-	-	20,000	70,000
Obra Architect PC	12/2/2019	20,000	-	-	12,399	7,601
PC Learning Centers Inc	2/6/2020	90,000	-	-	25,000	65,000
Pocket Bar 455 W. 48th Corp.	8/22/2019	20,000	-	-	20,000	-
Point Judith LLC	7/8/2019	20,000	-	-	20,000	-
Shoe Market, Inc.	11/19/2019	20,000	-	-	19,826	174
Sweet Generation Bakery	1/7/2020	20,000	-	-	20,000	-
Tre Monelli LLC	9/3/2019	20,000	-	-	15,568	4,432
Villa Berulia, Inc.	10/8/2019	20,000	-	-	15,315	4,685
Von Design LTD	9/23/2019	20,000	-	-	-	20,000
Childcare Business Pathways						
Child Development Support Corporation	2/4/2019	44,700	14,700	30,000	20,800	9,200
Business Outreach Center Network	1/2/2019	12,600	-	12,600	8,880	3,720
Covid19 Continuity Loan Program	4/14/2020	100,000	-	-	-	100,000
Small Business Financing	2/4/2020	1,075,186	-	-	-	1,075,186
Total		<u>\$3,673,782</u>	<u>\$1,276,026</u>	<u>\$257,647</u>	<u>\$542,983</u>	<u>\$1,789,850</u>

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION
(a component unit of the City of New York)

Notes to the Financial Statements
June 30, 2020 and 2019

NOTE 10: CONTINGENCIES

Certain grants recognized as revenue by the Fund are subject to continued compliance with donor-imposed restrictions and conditions. In the event of noncompliance, a donor may cancel its grant agreement and may require the Fund to return any unspent amount on the grants. In addition, certain grants and contracts are subject to independent audit by the awarding agency or funding source. Such audit could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds.

Management is of the opinion that such events, if any, would not have a material impact on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such contingency.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 25, 2020, the date which the financial statements were available for issue. Nothing came to our attention warranting adjustment or disclosure. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

The Management concluded that the impact of non-adjusting events from Covid-19 outbreak has not significantly affected the fair value of the financial assets and liabilities of NYBAC, including the classification of current and non-current items that were presented on the reporting date.

PART II – GOVERNMENT AUDITING STANDARDS SECTION

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Directors
New York City Business Assistance Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New York City Business Assistance Corporation (NYBAC), a component unit of The City of New York, which comprise the statement of net position as of June 30, 2020, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 25, 2020. The financial statements of NYBAC as of and for the year ended June 30, 2019 were audited by other auditors in their report dated August 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NYBAC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NYBAC's internal control. Accordingly, we do not express an opinion on the effectiveness of the NYBAC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NYBAC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NYBAC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NYBAC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padilla and Company, LLP

Jamaica, New York

August 25, 2020

