

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

Financial Statements
(With Independent Auditor's Report and Required Supplementary Information)

Years Ended June 30, 2023 and 2022



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

PART I - FINANCIAL SECTION

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 7
Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Statements of Fundtional Expenses	11
Notes to Financial Statements	12 - 19

PART II - GOVERNMENT AUDITING STANDARDS SECTION

Independent Auditor's 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>	21 - 22
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PART I – FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

The Board of Directors
New York City Business Assistance Corporation

Opinion

We have audited the accompanying financial statements of New York City Business Assistance Corporation (“NYBAC”), a component unit of The City of New York, which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of NYBAC as of June 30, 2023 and 2022, and the respective changes in net position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of NYBAC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about NYBAC’s ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NYBAC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NYBAC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-7 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 who 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 of America, 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 audit 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2023, 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, 2023*

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION

(a component unit of the City of New York)

Management's Discussion and Analysis

June 30, 2023 and 2022

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, 2023 and 2022 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.

Currently 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. These programs include the Food Business Pathway Program designed exclusively to promote entrepreneurial training for public housing residents. Another initiative is the Downtown Jamaica Storefront Improvement Program that is designed to revitalize building facades, improve commercial corridors and promote the character and stability of Downtown Jamaica. The Love Your Local Program pays for fit-out grants which will be awarded to eligible retail businesses through the Love Your Local program, a grant program designed to preserve essential local jobs, goods and services by providing marketing, technical assistance, and grants to small businesses. The Black Entrepreneurs NYC (BE NYC) creates equity of opportunity by advancing Black entrepreneurship. NYBAC has also provided support following emergencies and natural disasters that have impacted small businesses.

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

Management's Discussion and Analysis
June 30, 2023 and 2022

For fiscal years ended June 30, 2023 and 2022, NYBAC expended \$653,238 and \$332,399, respectively, for the various programs it currently administers. The financial highlights are detailed below.

Financial Highlights - Fiscal Year 2023

Net Position: \$2,979,811

- Cash, cash equivalents and investments decreased by \$375,065 (or 11%)
- Loan loss receivable decreased by \$287,000 (or 100%)
- Accounts payable and accrued expenses increased by \$1,000 (or 14%)

Change in Net Position: \$663,065 decrease

- Operating grants and contributions amounted to nil (or 100% decrease)
- Operating expenses amounted to \$664,577 (or 94% increase)
- Other income amounted to \$1,512 (or 72% 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 NYBAC as of June 30, 2023 and 2022. 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, 2023 and 2022. The change in net position may be useful in assessing whether the financial position improved or deteriorated for the year.

The statement of cash flows presents the cash activities segregated by operating 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, 2023 and 2022.

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

Management's Discussion and Analysis
June 30, 2023 and 2022

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, 2023 and 2022 and the percentage change between the years.

	2023	2022	Variance	
			Amount	%
Current assets	\$ 2,987,811	\$ 3,362,876	\$ (375,065)	-11%
Non-current assets	-	287,000	(287,000)	-100%
Current liabilities	8,000	7,000	1,000	14%
Restricted net position	2,755,438	3,408,676	(653,238)	-19%
Unrestricted net position	224,373	234,200	(9,827)	-4%

Current assets

As of June 30, 2023, NYBAC had current assets of \$2,987,811 consisting of cash, cash equivalents, investments, and accounts receivable. Cash, cash equivalents and investments decreased by \$375,065 or 11% in comparison to the prior fiscal year. The decrease in cash was primarily the result of payments to vendors and suppliers. In addition, NYBAC did not receive contributions in the current fiscal year. NYBAC's certificate of deposit with JP Morgan Chase bank amounting to \$1,500,000 and with interest rate of 1.49% before maturity and 0.05% after maturity has earned an interest of \$1,393 for the year ended June 30, 2023 which increased the value of the investment.

Non-current assets

Non-current assets consist of a loan loss reserve fund which was established in the prior fiscal year 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. The \$287,000 reserve fund was written off in the current fiscal year resulting to the decrease in non-current assets.

Current liabilities

As of June 30, 2023, NYBAC has current liabilities of \$8,000 as accrual for audit fees. Current liabilities increased by \$1,000 or 14% in comparison to prior fiscal year.

Restricted net position

The restricted net position has decreased by \$653,238 or 19% as compared to the prior year. The decrease in the restricted net position was primarily from the release from restriction of the incurred program expenses. In addition, no additional grants were received in the current fiscal year.

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

Management's Discussion and Analysis
June 30, 2023 and 2022

Unrestricted net position

The unrestricted net position has decreased by \$9,827 or 4% as compared to the prior year. The decrease in the unrestricted net position was primarily the result of general and administrative expenses incurred in the current fiscal year.

Operating Activities

The following table summarizes NYBAC's operating activities for the years ended June 30, 2023 and 2022 and the percentage change between the years.

	2023	2022	Variance	
			Amount	%
Operating revenues	\$ -	\$ 275,000	\$ (275,000)	-100%
Operating expenses	664,577	342,907	321,670	94%
Operating loss	(664,577)	(67,907)	(596,670)	879%
Non-operating income	1,512	878	634	72%
Change in net position	<u>\$ (663,065)</u>	<u>\$ (67,029)</u>	<u>\$ (596,036)</u>	<u>889%</u>

Operating revenues

During the current fiscal year, NYBAC did not receive any contributions resulting in 100% decrease in revenues.

Operating expenses

During the current fiscal year, NYBAC's operating expenses were \$664,577 which was 94% higher than the prior year. The increase is primarily due to the write-off of the loan loss receivable amounting to \$287,000.

Operating loss

Operating loss has increased by \$596,670 or 879% in comparison to the prior fiscal year. This is mainly due to no grants received during the year.

Non-operating income

Non-operating income has increased by \$634 or 72% due to the higher 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, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents (Note 3 and 9)	\$ 1,315,320	\$ 1,691,778
Investments (Note 4 and 9)	1,522,744	1,521,351
Accounts receivable (Note 5 and 9)	149,747	149,747
Total current assets	<u>2,987,811</u>	<u>3,362,876</u>
Non-current Assets		
Loan loss reserve receivable (Note 6)	-	287,000
Total Assets	<u><u>\$ 2,987,811</u></u>	<u><u>\$ 3,649,876</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 8,000	\$ 7,000
 Net Position		
Restricted - expendable (Note 7)	2,755,438	3,408,676
Unrestricted	224,373	234,200
Total net position	<u>2,979,811</u>	<u>3,642,876</u>
Total Liabilities and Net Position	<u><u>\$ 2,987,811</u></u>	<u><u>\$ 3,649,876</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 Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2023 and 2022

	2023	2022
Operating revenues		
Operating grants and contributions	\$ -	\$ 275,000
Operating expenses		
Program services:		
BE NYC	353,663	76,250
WE Credit Loan/Loss Fund	287,000	-
Downtown Jamaica SIP	12,575	129,650
NY Main Street Grant (HTFC)	-	50,000
Biz Emerg. Grant (BEG)	-	29,500
Small Business Financing	-	21,756
BID Challenge	-	20,403
CAP Program	-	4,600
Childcare Business Pathways	-	240
Total program services:	653,238	332,399
General & administrative	11,339	10,508
Total operating expenses	664,577	342,907
Operating loss	(664,577)	(67,907)
Non-Operating revenues		
Interest income	1,512	878
Change in net position	(663,065)	(67,029)
Net position, beginning of the year	3,642,876	3,709,905
Net position, end of the year	\$ 2,979,811	\$ 3,642,876

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, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from grants and contributions	\$ -	\$ 279,496
Cash paid for loan loss reserve receivable	287,000	-
Cash paid for prepaid expenses	-	9,749
Payments to vendors and suppliers	(663,577)	(428,680)
Net cash used in operating activities	(376,577)	(139,435)
Cash flows from investing activities		
Interest income	1,512	878
Purchase of certificate of deposit	(1,393)	(698)
Net cash provided by investing activities	119	180
Net decrease in cash and cash equivalents	(376,458)	(139,255)
Cash and cash equivalents at the beginning of the year	1,691,778	1,831,033
Cash and cash equivalents at the end of the year	1,315,320	1,691,778
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	(664,577)	(67,907)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Decrease in accounts receivable	-	4,496
Decrease in loan loss reserve receivable	287,000	-
Decrease in prepaid expenses and other current assets	-	9,749
Increase (decrease) in accounts payable and accrued expenses	1,000	(85,773)
Net cash used in operating activities	\$ (376,577)	\$ (139,435)

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 Functional Expenses
For the years ended June 30, 2023 and 2022

	Program Services				General & Administrative	Grand Total 2023	Total 2022
	BE NYC	Downtown Jamaica SIP	WE Credit Loan/Loss Fund	Total Program Services			
Grants	\$ -	\$ 12,375	\$ -	\$ 12,375	\$ -	\$ 12,375	\$ 203,250
Service agreement	42,250	-	-	42,250	-	42,250	96,006
Meeting & conference	-	-	-	-	2,312	2,312	11,057
Consulting services	-	200	-	200	-	200	8,740
Professional services	311,413	-	-	311,413	8,630	320,043	7,370
Bad debt expense	-	-	287,000	287,000	-	287,000	4,496
Insurance & permit	-	-	-	-	118	118	749
Advertising & marketing	-	-	-	-	-	-	481
Miscellaneous	-	-	-	-	279	279	10,758
Total expenses	\$ 353,663	\$ 12,575	\$ 287,000	\$ 653,238	\$ 11,339	\$ 664,577	\$ 342,907

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, 2023 and 2022

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

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 (U.S. GAAP), 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 ended 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, 2023 and 2022

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.

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.

Grants and Contracts Receivable

Grants and contracts receivable consists of costs under the grant and contract agreements which were incurred prior to year-end for which payment has not been received. Grants and contracts receivable credit risk is limited due to the nature of the grants and contracts. The Organization regularly monitors its grants and contract receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Organization considers all grants and contracts as collectible.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management in accordance with grant provisions or other equitable bases.

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

Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management and General Activities

This includes functions necessary to provide support for the Organization's program activities which includes but not limited to the following: activities that provide governance, oversight, business management, financial recordkeeping, and similar functions that ensure an adequate working environment and equitable employment program.

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 ("FDIC") provides deposit insurance up to \$250,000.

The organization has not experienced any losses in such accounts and believes is not exposed to any significant credit risk on cash and cash equivalents.

Concentration of Revenue Source

The organization receives contributions from multiple funders. Though the organization did not receive any funding for the year ended June 30, 2023, the organization expects to maintain its relationship with the funders.

Claims and Litigation

The organization is not involved in any pending or threatened litigation, claims or assessments.

Revenue Recognition

In accordance with ASC 606, Revenue Recognition, the Organization recognizes revenue when control of the promised goods or services are transferred to the customers or outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

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

Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of New York. 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.

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.

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.

Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications have no effect on previously reported results of operations or net position.

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

Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, as modified (ASC 842), which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASC 842 will require lessees to recognize most leases on their balance sheets as liabilities, with corresponding "right-of-use" assets, and is effective for annual reporting periods beginning after *December 15, 2021*, subject to early adoption. For income statement recognition purposes, leases will be classified as either a finance or an operating lease without relying upon the bright-line tests under current GAAP.

The new accounting pronouncement has no impact on the financial statements of the organization.

NOTE 3: CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents for the fiscal years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Cash in bank - Savings	\$ 1,011,434	\$ 1,311,315
Cash in bank - Checking	303,886	380,463
Total	<u>\$ 1,315,320</u>	<u>\$ 1,691,778</u>

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

Notes to the Financial Statements
June 30, 2023 and 2022

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 that matured on October 6, 2020 with an interest rate of 1.49% per annum before maturity and 0.05% per annum after maturity. Interest income arising from the CD amounted to \$1,393 and \$698 for fiscal year ended June 30, 2023 and 2022, respectively. 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:

	2023	2022
Small Business Financing	\$ 149,225	\$ 149,225
Immigrant for Business Initiative	522	522
Total	<u>\$ 149,747</u>	<u>\$ 149,747</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. As of June 30, 2023, NYBAC does not expect the return of the reserve fund. Accordingly, the loan loss receivable balance was written-off.

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

Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 7: 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 of New York. The following table summarizes support received from donors and expenditures made for such projects for the years ended June 30, 2023 and 2022.

Program Services	Net Position	Current Year		Net Position
	Balance at June 30, 2022	Contributions and Grants	Program Services	Balance at June 30, 2023
Microgrant for Business	\$ 76,139	\$ -	\$ -	\$ 76,139
Downtown Jamaica SIP	122,769	-	12,575	110,194
Printer's Fund	503,997	-	-	503,997
NYS Main Street Grant	-	-	-	-
Business Emergency Grant	93	-	-	93
Neighborhood Awards	20,352	-	-	20,352
BID - Neighborhood Challenge	166,100	-	-	166,100
Northwest Bronx Entrepreneurship - Fast Track	27,212	-	-	27,212
NYCHA Food Business Pathways	23,537	-	-	23,537
Love Your Local Grants	1,986	-	-	1,986
Minority and Women-Owned Business Enterprise	2,436	-	-	2,436
WE Credit Loan/Loss Fund	440,000	-	287,000	153,000
Childcare Business Pathways	27,732	-	-	27,732
125th Street Development	178,672	-	-	178,672
Sector Specific Business Pathways	175,301	-	-	175,301
Immigrant for Business Initiative	40,375	-	-	40,375
Business Pitch Education & Competition Initiative	7,275	-	-	7,275
Business Solutions/Tech Coalition	24,058	-	-	24,058
Corporate Alliance Program	8,909	-	-	8,909
Business Relocation Assistance	319,314	-	-	319,314
Healthcare Growth Services	2,938	-	-	2,938
Small Business Financing	679,118	-	-	679,118
Covid-19 Small Business Continuity	100,000	-	-	100,000
BE NYC	460,363	-	353,663	106,700
Total	\$ 3,408,676	\$ -	\$ 653,238¹	\$ 2,755,438

¹ Operating expenses include project and program costs and general administrative expenses. Amount above excludes General Fund expenses of \$11,339.

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

Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 8: CONTINGENCIES

Certain grants recognized as revenue by NYBAC 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 NYBAC 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 9: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects NYBAC's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures because of contractual or donor-imposed restrictions within one year of the date of the statement of net position:

Financial Assets	2023	2022
Cash and cash equivalents	\$ 1,315,320	\$ 1,691,778
Investments	1,522,744	1,521,351
Accounts receivable	149,747	149,747
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,987,811</u>	<u>\$ 3,362,876</u>

As part of NYBAC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. In addition, as part of its liquidity management, NYBAC invests cash in excess of daily requirements in short-term investments such as certificate of deposits. NYBAC strives to maintain liquid financial assets sufficient to cover ninety (90) days of general expenditures.

NOTE 10: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 25, 2023, 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.

PART II – GOVERNMENT AUDITING STANDARDS SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF 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, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, functional expenses 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, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padilla and Company, LLP

*Jamaica, New York
August 25, 2023*