

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)**

**AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

**(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016)**

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-7
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11-16
<u>Government Auditing Standards Section Supplemental Report</u>	
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	17-18

Independent Auditor's Report

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 component unit of The City of New York, which comprise the statement of net position as of June 30, 2017 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

**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 audits. We conducted our audits 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 misstatements.

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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, 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 New York City Business Assistance Corporation as of June 30, 2017 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited NYBAC's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### Management's Discussion and Analysis

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprised NYBAC's basic financial statements. The accompanying management's discussion and analysis ("MD&A") is presented for purposes of additional analysis, to supplement financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context, and although is not a required part of the basic financial statements is required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the MD&A, in accordance with auditing standards generally accepted in 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 September 8, 2017 on our consideration of New York City Business Assistance Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the compliance and the results of that testing, and not to provide an opinion on 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.



Ballo & Co.

New York, NY  
September 8, 2017

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

**Management's Discussion and Analysis**  
**Year Ended June 30, 2017**

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, 2017 and the result of its operations for the year 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 Neighborhood Challenge Grant program that pairs non-profit community organizations and tech companies to create and implement tools that address specific issues facing commercial districts. The Immigrant Business Initiative is designed to work with community partners to identify and address unique challenges faced by immigrant entrepreneurs and small business owners, particularly those of low-and-moderate income, who would like to start or expand a business in New York City. NYBAC has also provided support following emergencies and natural disasters that have impacted small businesses.

For fiscal year ended June 30, 2017, NYBAC expended \$1,224,445 for the various programs it currently administers. The financial highlights are detailed below.

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

**Management's Discussion and Analysis**  
**Year Ended June 30, 2017**

**Financial Analysis of the Corporation**

**Net Position**

The following table summarizes NYBAC's financial position at June 30, 2017 and 2016 and the percentage change between the years.

	2017	2016	Variance	
			Amount	%
Current assets	\$ 2,340,148	\$ 3,352,776	\$ (1,012,628)	(30%)
Current liabilities	11,434	6,500	4,934	76%
Restricted net position	2,096,474	3,125,115	(1,028,641)	(33%)
Unrestricted net position	\$ <u>232,240</u>	\$ <u>221,161</u>	\$ <u>11,079</u>	<u>5%</u>

Current assets

Current assets primarily consist of cash in the bank. Cash and cash equivalents have decreased by \$1,012,628 or 30%. The decrease in cash was primarily the result of the issuance of grants and/or reimbursements for services provided through various programs with no new funds being provided to NYBAC in the current fiscal year to be used by these programs.

Current liabilities

The current liabilities have increased by \$4,934 or 76% as compared to the prior fiscal year. The increase in current liabilities was primarily the result of the unpaid payroll liability and unpaid audit fee for fiscal year 2017.

Restricted net position

The restricted net position has decreased by \$1,028,641 or 33% as compared to the prior year. The decrease in the restricted net position was primarily the result of operating deficits caused by disbursement of grants and reimbursements to service providers for services rendered.

**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

**Management's Discussion and Analysis**  
**Year Ended June 30, 2017**

**Net Position (Continued)**

Unrestricted net position

The unrestricted net position has increased by \$11,079 or 5% as compared to the prior year. The increase in the unrestricted net position was primarily the result of NYBAC Board's decision to close out three inactive programs and transferring their balances from restricted net position into the unrestricted net position since the programs have been completed and the funds will no longer be needed which was then offset by the general and administrative expenses incurred in the current fiscal year. The inactive programs are: Industrial Park Improvement (\$2,837), NYC Small Business Campaign (\$2,138) and Build Business Capacity (\$9,220).

**Operating Activities**

The following table summarizes NYBAC's operating activities for the years ended June 30, 2017 and 2016 and the percentage change between the years.

	2017	2016	Variance	
			Amount	%
Operating revenues	\$ 210,000	\$ 1,879,184	\$ (1,669,184)	(89%)
Operating expenses	1,229,025	1,141,899	87,126	8%
Operating income (loss)	(1,019,025)	737,285	(1,756,310)	(238%)
Non-operating income	1,463	1,730	(267)	(15%)
Change in net position	<u>\$ (1,017,562)</u>	<u>\$ 739,015</u>	<u>\$ (1,756,577)</u>	<u>(238%)</u>

Operating revenues

During the current fiscal year, NYBAC received contributions totaling \$210,000 in comparison to \$1,879,184 in the prior year. As a result, NYBAC's revenues decreased by \$1,669,184 or 89% primarily due to the decrease in contributions received in the current fiscal year.

Operating expenses

During the current fiscal year, NYBAC's operating expenses were \$1,229,025 which was \$87,126 or 8% higher than the prior year, primarily due to the increase in grants expense.



**NEW YORK CITY BUSINESS ASSISTANCE CORPORATION**  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

**Management's Discussion and Analysis**  
**Year Ended June 30, 2017**

**Operating Activities** (Continued)

Operating income (loss)

Comparing the current fiscal year operating loss to the prior year operating income, there is a \$1,756,310 or 238% increase in operating loss, which is mainly due to the increase in grants and expenses paid out during the current fiscal year. Grants and expenses were paid out without new revenue to offset them. These grant commitments were made in prior years.

Non-operating income

Non-operating income has decreased by \$267 or 15% mainly due to less interest income received during the current fiscal year.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017  
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 3)	\$ <u>2,340,148</u>	\$ <u>3,352,776</u>
Total assets	\$ <u>2,340,148</u>	\$ <u>3,352,776</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ <u>11,434</u>	\$ <u>6,500</u>
Total liabilities	11,434	6,500
<b>NET POSITION</b>		
Restricted - with donor restrictions (Note 4)	2,096,474	3,125,115
Unrestricted	<u>232,240</u>	<u>221,161</u>
Total net position	<u>2,328,714</u>	<u>3,346,276</u>
Total liabilities and net position	\$ <u>2,340,148</u>	\$ <u>3,352,776</u>

See notes to financial statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	<u>2017</u>	<u>2016</u>
Operating revenues		
Operating grants and contributions	\$ 210,000	\$ 1,879,184
Total operating revenues	<u>210,000</u>	<u>1,879,184</u>
Operating expenses		
Salaries and fringe benefits	67,236	40,201
Consulting services	16,597	20,578
Professional services	10,350	38,415
Advertising & marketing	35,896	-
Meeting & conference	17,982	36,779
Grants	594,713	414,085
Service agreement	439,385	557,812
Insurance & permit	18,588	19,613
Miscellaneous	<u>28,278</u>	<u>14,416</u>
Total operating expenses	<u>1,229,025</u>	<u>1,141,899</u>
Operating income (loss)	<u>(1,019,025)</u>	<u>737,285</u>
Non-Operating revenues (expenses)		
Interest income	<u>1,463</u>	<u>1,730</u>
Total non-operating revenue	<u>1,463</u>	<u>1,730</u>
Change in net position	(1,017,562)	739,015
Net position, beginning	3,346,276	2,607,261
Net position, ending	<u>\$ 2,328,714</u>	<u>\$ 3,346,276</u>

See notes to financial statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from grants and contributions	\$ 210,000	\$ 1,883,231
Payments of employees wages and fringe benefits	(60,803)	(40,203)
Payments to vendors and suppliers	<u>(1,163,288)</u>	<u>(1,106,113)</u>
Net cash provided by (used in) operating activities	(1,014,091)	736,915
Cash flows from investing activities		
Interest income	<u>1,463</u>	<u>1,730</u>
Net cash provided by investing activities	1,463	1,730
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,012,628)	738,645
Cash and cash equivalents at the beginning of the year	<u>3,352,776</u>	<u>2,614,131</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,340,148</u>	<u>\$ 3,352,776</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (1,019,025)	\$ 737,285
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in accounts receivable		4,047
Increase (decrease) in accounts payable and accrued expenses	<u>4,934</u>	<u>(4,417)</u>
Net cash provided by (used in) operating activities	<u>\$ (1,014,091)</u>	<u>\$ 736,915</u>

See notes to financial statements.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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.

The organization 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 presentation

Starting for the fiscal period ending June 30, 2017, 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.

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.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

A. Basis of presentation (continued)

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.

The financial statements include summarized comparative information as of and for the year ended June 30, 2016 in total but not by reporting unit. Certain line items in the June 30, 2016 financial statements have been reclassified to conform to the June 30, 2017 presentation. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2016.

B. Basis of accounting

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.

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

C. 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.

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. Concentration of credit and market risk

Financial instruments that potentially expose New York City Business Assistance Corporation to concentrations of credit and market risk consist primarily of cash. Cash is maintained at high quality financial institution. Federal Depository Insurance Corporation provides deposit insurance up to \$250,000.

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 FINANCIAL STATEMENTS  
JUNE 30, 2017

Note 3. Cash and Cash Equivalents

At year end, NYBAC's cash and cash equivalents 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.

NYBAC did not have any resources that were considered cash equivalents.

Note 4. Net Position – Restricted with Donor Restrictions

Net position – restricted with donor restrictions consisted of and available for support of specific programs and operating purposes for the following:

<u>Program Services</u>	<u>2016 Balance</u>	<u>Contribution</u>	<u>Expense/ Released</u>	<u>2017 Balance</u>
Industrial Park Improvement	\$ 2,837	\$	\$ 2,837	\$ -
Microgrant for Business	186,138		110,000	76,138
Storefront Improvement	-	75,000	36,117	38,883
NYC Small Business Campaign	5,931		5,931	-
Printer's Fund	531,608		14,631	516,977
Business Emergency Grant	32,605		2,000	30,605
Neighborhood Awards	21,352		500	20,852
BID - Neighborhood Challenge	754,533		398,895	355,638
Northwest Bronx Entrepreneurship - Fast Track	27,212			27,212
NYCHA Food Business Pathways	182,997	100,000	85,968	197,029
Division of Economic and Financial Opportunity	6,711		1,095	5,616
Minority and Women-Owned Business Enterprise	47,857			47,857
Women's Entrepreneurship Initiative	85,000		85,000	-
125th Street Development	178,672			178,672
Immigrant for Business Initiative	406,915		219,814	187,101
Build Business Capacity	9,220		9,220	-
Business Pitch Education & Competition Initiative	25,000	25,000	22,038	27,962
Business Solutions/Tech Coalition	24,058			24,058
Corporate Alliance Program	2,398	10,000	3,320	9,078
Business Relocation Assistance	369,344		50,030	319,314
City Harvest Business Education	50,000		25,000	25,000
Healthcare Growth Services	99,727		91,245	8,482
Immigrant Entrepreneurship Service	75,000		75,000	-
Total	<u>\$ 3,125,115</u>	<u>\$ 210,000</u>	<u>\$ 1,238,641</u>	<u>\$ 2,096,474</u>



NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

Note 5. 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:

Program/Grantee	Approval Date	Total Commitment	YTD Total Expenses	2017 Outstanding Commitment
<b>BID Challenge</b>				
Southwest Brooklyn Industrial Development Corp.	2/1/2015	\$ 50,000	\$ 45,000	\$ 5,000
WHEDco	3/1/2016	50,000	47,259	2,741
Youth Ministries for Peace and Justice	3/1/2016	75,000	75,000	-
Flatbush Nostrand Junction BID	3/1/2016	100,000	91,462	8,538
Graham Avenue BID	3/1/2016	100,000	775	99,225
Made in Brownsville	11/1/2016	100,000	-	100,000
No Longer Empty/Jamaica Center BID	3/1/2016	75,000	75,000	-
<b>Immigrant Business Initiative</b>				
SAPNA	1/1/2016	35,000	28,523	6,477
SAPNA	1/1/2017	27,000	-	27,000
Brooklyn Public Library	1/1/2017	29,790	5,994	23,796
Business Outreach Center Network	1/1/2017	31,750	17,566	14,184
Shorefront YM-YWHA	1/1/2017	23,500	12,039	11,461
Renaissance EDC	1/1/2017	28,000	15,579	12,421
<b>Food Business Pathways</b>				
NYC Housing Authority	2/9/2015	550,000	353,971	196,029
<b>Business Pitch Education &amp; Competition Initiative</b>				
Ventureneer	2/15/2017	10,000	7,300	2,700
Next Street	12/30/2016	10,000	10,000	-
<b>City Harvest</b>				
Progress Playbook	11/30/2016	50,000	25,000	25,000
<b>Downtown Far Rockaway Storefront Improvement Program</b>				
Perfect Properties Corp.	6/30/2016	6,698	6,698	-
Rockaway Electronics & Tax Services	7/11/2016	4,607	4,607	-
Park's Clothing Corp.	7/13/2016	16,445	16,445	-
Second Millennium Enterprise	7/19/2016	10,000	6,000	4,000
Eazy Locks, LLC	8/5/2016	14,000	6,000	8,000
Tino's Unisex Hairstyling	8/5/2016	14,838	14,838	-
Rockaway KB Company LLC	8/19/2016	75,000	75,000	-
Jontue Discount Boutique	9/21/2016	7,179	7,179	-
Harmony Cakes & Pastries	7/13/2016	11,886	5,349	6,537
<b>Total</b>		<b>\$ 1,505,693</b>	<b>\$ 952,584</b>	<b>\$ 553,109</b>

NEW YORK CITY BUSINESS ASSISTANCE CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NEW YORK)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

Note 6. In-kind and Donated Services

The New York City Business Assistance Corporation occupies its office space at 110 William Street, New York, NY 10038 rent free. The space is donated by The City of New York and no in-kind values have been recognized in the financial statements.

NYBAC received 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.

Note 7. Subsequent Events Evaluation by Management

Management evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected in the financial statements. Such evaluation is performed through the date the financial statements were available to be issued, which was September 8, 2017 for these financial statements.

Note 8. Contingencies

Funding contracts

Grants and contracts are subject to audit by the funding agency. Any unresolved disallowed/questioned cost noted during an audit can result to a refund/payback to the funding agency. No provision has been made for any liabilities that may arise from such audits since amount, if any, cannot be determined at this date.

Litigation

The City of New York, NYBAC and several SBS current and former employees are defendants in a federal civil lawsuit filed in September 2015 in the Southern District of New York by a former SBS employee alleging various violations of federal employment laws. The City of New York’s Law Department is representing NYBAC and the City. The City of New York and NYBAC deny all the allegations and are vigorously defending the lawsuit. Accordingly, this matter is not expected to have a material effect on NYBAC’s financial condition.

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

Independent Auditor's Report

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, a component unit of The City of New York, which comprise the statement of net position as of June 30, 2017 and the related statements 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 September 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New York City Business Assistance Corporation'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 New York City Business Assistance Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of New York City Business Assistance Corporation'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 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 design 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 New York City Business Assistance Corporation's financial statements are free of material misstatements, 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 statements amounts. However, providing an opinion on compliance with these 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ballo & Co.

New York, NY  
September 8, 2017