NEW YORK CITY BUSINESS RELOCATION ASSISTANCE CORPORATION

FINANCIAL STATEMENTS

For the Years Ended
June 30, 2013, 2012 and 2011

NEW YORK CITY BUSINESS RELOCATION ASSISTANCE CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New York City Business Relocation Assistance Corporation

Report on the Financial Statements
We have audited the accompanying financial statements of New York City Business Relocation Assistance Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 2012 and 2011, and the related statements of revenues, expenditures and changes in net assets, and cash flows for the years 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 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 New York City Business Relocation Assistance Corporation as of June 30, 2013, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Padilla and Company, LLP

Jamaica, New York
August 7, 2013

NEW YORK CITY BUSINESS RELOCATION ASSISTANCE CORPORATION

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 Relocation Assistance Corporation's (BRAC's) financial condition as of June 30, 2013 and the result of its operations for the year then ended. Management has prepared the financial statement 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 BRAC.

Financial Condition

As of June 30, 2013 net assets decreased by $32,007 or 5%. The decrease in the net assets was primarily the result of operating deficits caused by grants being disbursed coupled with BRAC's inability to collect fees for residential conversion. BRACs ability to exact fees, which had been authorized by the NYC Zoning Resolution ended on January 1, 1998. The program will continue to operate until funds are exhausted.

Comparison of Statement of Net Assets as of June 30, 2013 and 2012

	June 30, 2013	June 30, 2012	Variance Amount	Variance %
Assets				
Cash and cash equivalents	$ 573,236	$ 605,993	$ (32,757)	(5)
Total assets	$ 573,236	$ 605,993	$ (32,757)	(5)
Liabilities				
Current liabilities	$ 2,750	$ 3,500	$ (750)	(21)
Net Assets				
Restricted - expendable	$ 570,486	$ 602,493	$ (32,007)	(5)
Total liabilities and net assets	$ 573,236	$ 605,993	$ (32,757)	(5)

Cash and cash equivalents

Cash and cash equivalents have decreased by $32,757 or 5% during the Fiscal Year. The decrease in cash was primarily the result of operating deficits caused by grants being disbursed coupled with BRAC's inability to collect fees for residential conversion.

NEW YORK CITY BUSINESS RELOCATION ASSISTANCE CORPORATION

Management's Discussion and Analysis

Current liabilities

The total current liabilities have decreased by $750 or 21% as compared to the prior year. The decrease in current liabilities was primarily the result of the decreasing of audit fee for fiscal year 2013.

Restricted net assets

The total net assets have decreased by $32,007 or 5% as compared to the prior year. The decrease in the net assets was primarily the result of operating deficits caused by disbursement of grants and the end of BRAC's ability to exact additional fees for residential conversion as of January 1, 1998.

	June 30, 2013	June 30, 2012	Variance Amount	Variance %
Revenues				
Program revenue	$ -	$ -	$ -	-
Interest income	$ 303	$ 401	$ (98)	(24)
Total revenues	$ 303	$ 401	$ (98)	(24)
Expenses				
Relocation Grants	$ 29,416	$ 60,000	$ (30,584)	(51)
Other operating expense	$ 2,894	$ 81,993	$ (79,099)	(96)
Total expenses	$ 32,310	$ 141,993	$ (109,683)	(77)
Net Loss	$ (32,007)	$ (141,592)	$ 109,585	(77)

Revenues – Interest income

BRAC's interest income has decreased by $98 or 24% primarily due to the decrease of the cash balance in the checking account of Citibank.

As of June 30, 2013, BRAC has no investment in the Citigroup brokerage account.

Relocation grants

During Fiscal Year 2013, BRAC worked to finalize business relocation grants and disbursed $29,416 in moving grants through the Greenpoint Relocation Grant Program to a manufacturer who completed their respective relocation and moved operations. The application was duly processed under the rules and regulations governing the program. There were no disbursements of grants during the course of the fiscal year through the Industrial Relocation Program.

In addition to directly processing applications through the relocation grant programs, BRAC staff provided over 638 businesses with incentives consultations to assist these businesses and/or their representatives tap into the full portfolio of federal, state and city programs and incentives as part of its efforts to retain and relocation business within New York City.

BRAC management's procedure ensures that all businesses with pending applications to the program are in compliance with program eligibility.

The BRAC team helps firms that are relocating, expanding, hiring, renovating or simply looking to cut costs – to identify and determine eligibility for City and State programs. NYC Business Solutions is a set of free services offered by the Department of Small Business Services to help businesses start, operate, and expand in New York City. BRAC is uniquely positioned at SBS to ensure businesses tap into the full portfolio of NY Business Solutions. These services include helping industrial and manufacturing firms access business courses, financial assistance, navigating government, workforce recruitment, and employee training and procurement.

Other operating expenses

Comparing Fiscal Year 2013 to Fiscal Year 2012, there is a $79,099 or 96% decrease in other operating expenses, which is mainly because BRAC didn't have contractual service expenses during the fiscal year 2013. The amount of $2,894 in other operating expenses consist of auditing services for $2,773 and miscellaneous charges for $121.

Net loss

Comparing Fiscal Year 2013 to Fiscal Year 2012, there is a $109,585 or 77% decrease in net loss, which is mainly due to the decrease in grants and expenses paid out during the fiscal year 2013. Grants and expenses were paid out without new revenue to offset them due to BRAC being unable to collect new fees. Also, the existing Funds are restricted for the use of the Industrial Relocation Grant Program and managing the Greenpoint Relocation Program.

NEW YORK CITY BUSINESS RELOCATION ASSISTANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013, 2012 AND 2011

	2013	2012	2011
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	$ 573,236	$ 605,993	$ 816,293
Total Assets	$ 573,236	$ 605,993	$ 816,293
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	$ 2,750	$ 3,500	$ 72,208
Total Liabilities	$ 2,750	$ 3,500	$ 72,208
Net assets			
Restricted - Expendable	$ 570,486	$ 602,493	$ 744,085
Total Net Assets	$ 570,486	$ 602,493	$ 744,085
Total Liabilities and Net Assets	$ 573,236	$ 605,993	$ 816,293

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

NEW YORK CITY BUSINESS RELOCATION ASSISTANCE CORPORATION
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2013, 2012 AND 2011

	2013	2012	2011
Expenses	$ 32,310	$ 141,993	$ 136,222
Program revenue	$ -	$ -	$ -
Net revenue (expenses)	$ (32,310)	$ (141,993)	$ (136,222)
General revenues			
Interest income	$ 303	$ 401	$ 1,036
Total general revenue	$ 303	$ 401	$ 1,036
Change in net assets	$ (32,007)	$ (141,592)	$ (135,186)
Add: Net assets, beginning of the year	$ 602,493	$ 744,085	$ 879,271
Net assets, end of the year	$ 570,486	$ 602,493	$ 744,085

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

NEW YORK CITY BUSINESS RELOCATION ASSISTANCE CORPORATION
COMBINING STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2013, 2012 AND 2011

	2013	2012	2011
Operating revenue	$ -	$ -	$ -
Total operating revenue	$ -	$ -	$ -
Operating expenses			
Program relocation grants	$ 29,416	$ 60,000	$ 64,013
Other operating	$ 2,894	$ 81,993	$ 72,209
Total operating expenses	$ 32,310	$ 141,993	$ 136,222
Operating loss	$ (32,310)	$ (141,993)	$ (136,222)
Non-operating revenues (expenses)			
Interest income	$ 303	$ 401	$ 1,036
Non-operating revenue	$ 303	$ 401	$ 1,036
Decrease in net assets	$ (32,007)	$ (141,592)	$ (135,186)
Add: Net assets, beginning of the year	$ 602,493	$ 744,085	$ 879,271
Net assets, end of the year	$ 570,486	$ 602,493	$ 744,085
Components of net assets at the end of the year:			
Restricted - expendable	$ 570,486	$ 602,493	$ 744,085
Net assets, end of the year	$ 570,486	$ 602,493	$ 744,085

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

NEW YORK CITY BUSINESS RELOCATION ASSISTANCE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013, 2012 AND 2011

	2013	2012	2011
Cash Flows from Operating Activities:			
Grants payment	$ (29,416)	$ (60,000)	$ (64,013)
Payments to SBS	$ -	$ (147,081)	$ (79,098)
Payments to Professionals	$ (3,523)	$ (3,500)	$ (3,500)
Other Payments	$ (121)	$ (120)	$ -
Net cash used in operating activities	$ (33,060)	$ (210,701)	$ (146,611)
Cash Flows from Capital and Related Financing Activities:	$ -	$ -	$ -
Cash Flows from Investing Activities:			
Purchases and maturities of investments	$ -	$ -	$ 699,668
Interest income	$ 303	$ 401	$ 1,036
Net cash provided by investing activities	$ 303	$ 401	$ 700,704
Net increase (decrease) in cash and cash equivalents	$ (32,757)	$ (210,300)	$ 554,093
Cash and cash equivalents at the beginning of the year	$ 605,993	$ 816,293	$ 262,200
Cash and cash equivalents at the end of the year	$ 573,236	$ 605,993	$ 816,293
Reconciliation of net operating expenses to net cash used in operating activities:			
Operating loss	$ (32,310)	$ (141,993)	$ (136,222)
Adjustments to reconcile operating loss to cash used in operating activities:			
Increase (decrease) in accounts payable	$ (750)	$ (68,708)	$ (10,389)
Net cash used in operating activities	$ (33,060)	$ (210,701)	$ (146,611)

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

NEW YORK CITY BUSINESS RELOCATION ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013, 2012 AND 2011

1. ORGANIZATION AND OPERATIONS

The New York City Business Relocation Assistance Corporation (BRAC) is a not for profit corporation incorporated in 1981 pursuant to Section 402 of the Not-for-Profit Corporation Law of the State of New York for the purpose of implementing and administering the Relocation Incentive Program (RIP) and other related programs. BRAC provides relocation assistance to qualifying commercial and manufacturing firms moving within the City of New York.

BRAC 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, BRAC must be included in The New York City Comptroller's Comprehensive Annual Financial Report.

The funds for RIP were provided by owners/developers of certain residential projects, which caused the relocation of commercial and manufacturing businesses previously located at those sites. These funds consisted of conversion contributions or escrow payments mandated by the Zoning Resolution of The City of New York for this type of development. The ability of the Corporation to exact fees for residential conversion ended on January 1, 1998 per Section 1550 of the Zoning Resolution.

Specifically, the Zoning Resolution of The City of New York required developers/owners of properties within designated areas of the City to pay a conversion contribution (BRAC payment) in order to receive a building permit for the conversion of space from commercial to residential use. The price was calculated from a dollar per square foot ratio specified within the resolution and confirmed by the Board of Standards and Appeals. As stipulated by Zoning Resolution, in the event that such conversion resulted in the displacement of industrial and/or commercial businesses located within The City of New York, the developer was required to establish an escrow account for each business displaced. The funds in the escrow account would be released to the displaced business once an eligible relocation had taken place.

1. ORGANIZATION AND OPERATIONS (continued)

If the firm failed to relocate within the City the funds held in escrow would be deposited into a BRAC fund (the BRAC fund). In addition, if the space to be converted was vacant for less than five (5) years, the conversion contribution was made to the BRAC fund.

All conversion contributions received by BRAC are restricted for the use of administering industrial retention/relocation programs. One such program, the Industrial Relocation Grant Program (IRG), provides grants up to $30,000 to eligible New York City manufacturing firms to defray their moving costs. Grants are paid as reimbursement of moving costs after a firm completes its relocation. This program will continue to operate only with the current accumulated net assets now available.

In fiscal year 2007, BRAC had received $1.5 million contributions from New York City Economic Development Corporation for the Greenpoint Relocation Program. This program is intended to help defray relocation costs for those industrial firms that may need to relocate due to the rezoning of the Greenpoint-Williamsburg area of Brooklyn.

The grants are determined by the total square footage of the eligible firm's move-out space multiplied by the current warehousing and trucking index for the maximum grant of $50,000. As of June 30, 2013, the BRAC Fund is valued at $570,486, and grants for both Industrial Relocation Grant and Greenpoint Relocation Program will be available until funds are exhausted.

BRAC is a not-for-profit Corporation operating under the Internal Revenue Code Section 501(c)(4) and is, therefore, not subject to federal, state and city taxes.

BRAC's federal income tax returns for the years after 2008 remain subject to examination by the relevant taxing authorities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

a) **Basis of 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).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. BRAC has determined that it functions as a Business Type Activity as defined by GASB. The significant GASB standards followed by BRAC are described as follows:

GASB Statement No. 34, Financial Statements and Management's Discussion and Analysis for State and Local Governments: This statement establishes new financial reporting requirements. It establishes that the basic financial statements and required supplementary information (RSI) for general-purpose government units should consist of management's discussion and analysis, basic financial statements and RSI.

GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus. This statement is implemented simultaneously with Statement No. 34.

GASB Statement No. 38, Certain Financial Statement Note Disclosures: This statement is implemented simultaneously with Statement No. 34.

BRAC's policy for operating activities in the statement of revenues, expenditures and changes in net assets are those that generally result from exchange transactions such as grants and fees. Certain other transactions are reported a non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include interest income.

BRAC's financial statements are prepared in accordance with applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations and Accounting Principles Board Opinions, unless those pronouncements conflict with or contradict GASB pronouncements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

b) **Net Assets**
GASB Statement No. 34 requires that resources be classified for accounting purposes into the following four net assets categories:

i. Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repairs or improvement of those assets.
ii. Restricted – Non-expendable: Net assets subject to externally imposed conditions requiring the Corporation to maintain them in perpetuity.
iii. Restricted – Expendable: Net assets whose use is subject to externally imposed conditions that can be fulfilled by the actions of the Corporation or by the passage of time.
iv. Unrestricted: All other categories of net assets, including, net assets designated by actions of the Board of Directors.

c) **Cash and Cash Equivalents**
Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

d) **Concentrations of Credit and Market Risk**
The cash in bank potentially subject BRAC to concentration of credit and market risks which at times exceed the federal depository insurance coverage limit of $250,000.

e) **Use of estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgments 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 expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

The following summary presents the amount of BRAC's deposits representing cash and cash equivalents that are fully insured or collateralized with securities held by the Corporation or its agents in the Corporation's name (Category 1), those deposits that are collateralized with securities held by pledging financial institution trust department or agent in the Corporation's name (Category 2) and those deposits that are not collateralized (Category 3) as of June 30, 2013, 2012 and 2011.

2013	Category 1	Category 2	Category 3	Total Bank Balance	Carrying Amount
Citibank - Cash in hand	$ 573,236	$ -	$ -	$ 573,236	$ 573,236
2012					
Citibank - Cash in hand	$ 605,993	$ -	$ -	$ 605,993	$ 605,993
2011					
Citibank - Cash in hand	$ 816,293	$ -	$ -	$ 816,293	$ 816,293

3. LEASE COMMITMENTS

BRAC occupies office space located at 110 William Street, New York, NY 10038. The space is donated by The City of New York and no in-kind values have been recognized in the financial statements.

4. RELATED PARTY TRANSACTION

There are no related party transactions between Department of Small Business Services (SBS) and BRAC during this Fiscal Year. BRAC received from SBS administrative, financial, legal, and other services necessary for the administration of BRAC free of charge and no kind value has been recognized in the financial statements.

5. COMMITMENTS

BRAC has $18,800 and $294,562 outstanding commitment for the Industrial Relocation Grant Program and Greenpoint Relocation Program, respectively.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 7, 2013, the date which the financial statements were available for issue. Nothing came to our attention warranting adjustment or disclosure.

7. RESTRICTED NET ASSETS

On June 30, 2013, the balance of $570,486 for the restricted net assets consists of $18,800 for the Industrial Relocation program and $551,686 for the Greenpoint Relocation program.