

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

**AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

BALLO & CO.

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

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-6
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10-15
<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	16-17

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 statements of net position as of June 30, 2018 and 2017 and the related statements of revenues, expenses and changes in net position, 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 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, 2018 and 2017 and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 6, 2018 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 6, 2018

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

Management's Discussion and Analysis
Years Ended June 30, 2018 and 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, 2018 and 2017 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 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 years ended June 30, 2018 and 2017, NYBAC expended \$634,652 and \$1,224,445, respectively 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
Years Ended June 30, 2018 and 2017

Financial Analysis of the Corporation

Net Position

The following table summarizes NYBAC's financial position at June 30, 2018 and 2017 and the percentage change between the years.

	2018	2017	Variance	
			Amount	%
Current assets	\$ 2,514,824	\$ 2,340,148	\$ 174,676	7%
Current liabilities	5,000	11,434	(6,434)	(56%)
Restricted net position	2,279,558	2,096,474	183,084	9%
Unrestricted net position	<u>\$ 230,266</u>	<u>\$ 232,240</u>	<u>\$ (1,974)</u>	<u>(1%)</u>

Current assets

Current assets primarily consist of cash in the bank. Cash and cash equivalents have increased by \$174,676 or 7%. The increase in cash was primarily the result of an increase in contributions received in the current fiscal year.

Current liabilities

The current liabilities have decreased by \$6,434 or 56% as compared to the prior fiscal year. The decrease in current liabilities was primarily the result of the decrease in the payroll liability.

Restricted net position

The restricted net position has increased by \$183,084 or 9% as compared to the prior year. The increase in the restricted net position was primarily the result of the increase of contributions received in the current fiscal year.

Unrestricted net position

The unrestricted net position has decreased by \$1,974 or 1% as compared to the prior year. The decrease in the unrestricted net position was primarily the result of the general and administrative expenses incurred 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
Years Ended June 30, 2018 and 2017

Operating Activities

The following table summarizes NYBAC's operating activities for the years ended June 30, 2018 and 2017 and the percentage change between the years.

	2018	2017	Variance	
			Amount	%
Operating revenues	\$ 817,736	\$ 210,000	\$ 607,736	289%
Operating expenses	637,400	1,229,025	(591,625)	(48%)
Operating income (loss)	180,336	(1,019,025)	1,199,361	118%
Non-operating income	774	1,463	(689)	(47%)
Change in net position	\$ 181,110	\$ (1,017,562)	\$ 1,198,672	118%

Operating revenues

During the current fiscal year, NYBAC received contributions totaling \$817,736 in comparison to \$210,000 in the prior year. As a result, NYBAC's revenues increased by \$607,736 or 289% due to the increase in contributions received in the current fiscal year.

Operating expenses

During the current fiscal year, NYBAC's operating expenses were \$637,400 which was \$591,625 or 48% lower than the prior year, primarily due to a decrease in grants and expenses paid out during the current fiscal year.

Operating income (loss)

Comparing the current fiscal year operating income to the prior year operating loss, there is a \$1,199,361 or 118% increase in operating income, which is mainly due to the increase in contributions received and decrease in grants and expenses paid out during the current fiscal year.

Non-operating income

Non-operating income has decreased by \$689 or 47% 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)

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ <u>2,514,824</u>	\$ <u>2,340,148</u>
Total assets	\$ <u>2,514,824</u>	\$ <u>2,340,148</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ <u>5,000</u>	\$ <u>11,434</u>
Total liabilities	5,000	11,434
NET POSITION		
Restricted - expendable (Note 4)	2,279,558	2,096,474
Unrestricted	<u>230,266</u>	<u>232,240</u>
Total net position	<u>2,509,824</u>	<u>2,328,714</u>
Total liabilities and net position	\$ <u>2,514,824</u>	\$ <u>2,340,148</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 YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating revenues		
Operating grants and contributions	\$ 817,736	\$ 210,000
Total operating revenues	<u>817,736</u>	<u>210,000</u>
Operating expenses		
Salaries and fringe benefits	56,946	67,236
Consulting services	23,730	16,597
Professional services	26,135	10,350
Advertising & marketing	2,000	35,896
Meeting & conference	30,496	17,982
Grants	295,972	594,713
Service agreement	122,432	439,385
Insurance & permit	17,097	18,588
Miscellaneous	<u>62,592</u>	<u>28,278</u>
Total operating expenses	<u>637,400</u>	<u>1,229,025</u>
Operating income (loss)	<u>180,336</u>	<u>(1,019,025)</u>
Non-Operating revenues (expenses)		
Interest income	<u>774</u>	<u>1,463</u>
Total non-operating revenue	<u>774</u>	<u>1,463</u>
Change in net position	181,110	(1,017,562)
Net position, beginning	2,328,714	3,346,276
Net position, ending	<u>\$ 2,509,824</u>	<u>\$ 2,328,714</u>

See notes to 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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from grants and contributions	\$ 817,736	\$ 210,000
Payments of employees wages and fringe benefits	(63,379)	(60,803)
Payments to vendors and suppliers	<u>(580,455)</u>	<u>(1,163,288)</u>
Net cash provided by (used in) operating activities	173,902	(1,014,091)
Cash flows from investing activities		
Interest income	<u>774</u>	<u>1,463</u>
Net cash provided by investing activities	774	1,463
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	174,676	(1,012,628)
Cash and cash equivalents at the beginning of the year	<u>2,340,148</u>	<u>3,352,776</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,514,824</u>	<u>\$ 2,340,148</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 180,336	\$ (1,019,025)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Increase (decrease) in accounts payable and accrued expenses	<u>(6,434)</u>	<u>4,934</u>
Net cash provided by (used in) operating activities	<u>\$ 173,902</u>	<u>\$ (1,014,091)</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, 2018 AND 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, 2018 AND 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.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 2. Summary of Significant Accounting Policies (continued)

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 4. Restricted - Expendable

Restricted - expendable net position consisted of and available for support of specific programs and operating purposes for the following:

<u>Program Services</u>	2017 <u>Balance</u>	Current Year <u>Contribution</u>	Current Year Expense/ <u>Released</u>	2018 <u>Balance</u>
Microgrant for Business	\$ 76,138	\$	\$	\$ 76,138
Storefront Improvement	38,883			38,883
Downtown Jamaica SIP	-	250,000	11,250	238,750
Printer's Fund	516,977		12,980	503,997
Business Emergency Grant	30,605			30,605
Neighborhood Awards	20,852		500	20,352
BID - Neighborhood Challenge	355,638	500,000	298,472	557,166
Northwest Bronx Entrepreneurship - Fast Track	27,212			27,212
NYCHA Food Business Pathways	197,029		72,475	124,554
Division of Economic and Financial Opportunity	5,616		5,616	-
Minority and Women-Owned Business Enterprise	47,857		18,719	29,138
125th Street Development	178,672			178,672
Immigrant for Business Initiative	187,101	16,736	162,098	41,739
BEC for Immigrant Entrepreneur	-	25,000		25,000
Business Pitch Education & Competition Initiative	27,962		20,687	7,275
Business Solutions/Tech Coalition	24,058			24,058
Corporate Alliance Program	9,078	26,000	2,311	32,767
Business Relocation Assistance	319,314			319,314
City Harvest Business Education	25,000		25,000	-
Healthcare Growth Services	8,482		4,544	3,938
Total	\$ 2,096,474	\$ 817,736	\$ 634,652	\$ 2,279,558

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 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	2017 YTD Total Expenses	2017 Outstanding Commitment	2018 YTD Total Expenses	2018 Outstanding Commitment
BID Challenge						
Southwest Brooklyn Industrial Development Corp.	2/1/2015	\$ 50,000	\$ 45,000	\$ 5,000	\$ 50,000	-
WHEDco	3/1/2016	50,000	47,259	2,741	49,606	closed
Youth Ministries for Peace and Justice	3/1/2016	75,000	75,000	-	75,000	-
Flatbush Nostrand Junction BID	3/1/2016	100,000	91,462	8,538	98,899	closed
Graham Avenue BID	3/1/2016	100,000	775	99,225	35,363	64,637
Made in Brownsville	11/1/2016	100,000	-	100,000	79,811	20,189
No Longer Empty/Jamaica Center BID	3/1/2016	75,000	75,000	-	75,000	-
Chinatown Partnership	11/1/2017	100,000	-	-	20,691	79,309
Downtown Brooklyn Partnership	8/1/2017	100,000	-	-	58,000	42,000
Long Island City Partnership	12/1/2017	100,000	-	-	-	100,000
Myrtle Avenue Revitalization Project	10/1/2017	100,000	-	-	57,848	42,152
Rockaway Business Alliance	10/1/2017	100,000	-	-	30,250	69,750
Immigrant Business Initiative						
SAPNA	1/1/2016	35,000	28,523	6,477	35,000	-
SAPNA	1/1/2017	27,000	-	27,000	23,220	closed
Brooklyn Public Library	1/1/2017	29,790	5,994	23,796	29,790	-
Business Outreach Center Network	1/1/2017	31,750	17,566	14,184	31,750	-
Shorefront YM-YWHA	1/1/2017	23,500	12,039	11,461	23,500	-
Renaissance EDC	1/1/2017	28,000	15,579	12,421	28,000	-
Food Business Pathways						
NYC Housing Authority	2/9/2015	550,000	353,971	196,029	425,447	124,553
Business Pitch Education & Competition Initiative						
Ventureneer	2/15/2017	10,000	7,300	2,700	10,000	-
Next Street	12/30/2016	10,000	10,000	-	10,000	-
City Harvest						
Progress Playbook	11/30/2016	50,000	25,000	25,000	50,000	-
Downtown Far Rockaway Storefront Improvement Program						
Perfect Properties Corp.	6/30/2016	6,698	6,698	-	6,698	-
Rockaway Electronics & Tax Services	7/11/2016	4,607	4,607	-	4,607	-
Park's Clothing Corp.	7/13/2016	16,445	16,445	-	16,445	-
Second Millennium Enterprise	7/19/2016	10,000	6,000	4,000	6,000	closed
Eazy Locks, LLC	8/5/2016	14,000	6,000	8,000	6,000	closed
Tino's Unisex Hairstyling	8/5/2016	14,838	14,838	-	14,838	-
Rockaway KB Company LLC	8/19/2016	75,000	75,000	-	75,000	-
Jontue Discount Boutique	9/21/2016	7,179	7,179	-	7,179	-
Harmony Cakes & Pastries	7/13/2016	11,886	5,349	6,537	6,537	closed
Total		\$ 2,005,693	\$ 952,584	\$ 553,109	\$ 1,440,479	\$ 542,590

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 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 6, 2018 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, 2018 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 6, 2018.

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 with 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 6, 2018