

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wyandanch Community Development Corporation
59 Cumberbach Street
Wyandanch, New York 11798

I have audited the accompanying financial statements of Wyandanch Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in The United States of America. Those standards require that I 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 judgement, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wyandanch Community Development Corporation as of June 30, 2016, and the changes in its net assets 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

I have previously audited the Wyandanch Community Development Corp's 2015 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated September 22, 2015. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Frank J. Scarano CPA, Professional LLC

September 15, 2016

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<u>Current assets:</u>		
Cash	\$ 115,304	\$ 189,709
Accounts receivable (Note 3)	22,320	29,194
Prepaid expenses	<u>9,703</u>	<u>11,489</u>
Total current assets	<u>147,327</u>	<u>230,392</u>
<u>Fixed Assets: (Note 1)</u>		
Land and buildings	2,142,998	1,715,662
Furniture & equipment	25,290	25,290
Construction in progress	<u>4,119</u>	<u>127,008</u>
	2,172,407	1,867,960
Less: accumulated depreciation	<u>(841,269)</u>	<u>(775,252)</u>
Total fixed assets	<u>1,331,138</u>	<u>1,092,708</u>
Total assets	<u>\$1,478,465</u>	<u>\$1,323,100</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities:</u>		
Accounts payable & payroll tax withholdings	\$ 327	\$ 6,459
Accrued expenses	18,000	18,000
Tenants' security payable	34,012	31,809
Current portion of long term debt	3,462	-
Construction loan (Note 5)	-	171,813
Deferred revenue	<u>150,000</u>	<u>2,500</u>
Total current liabilities	<u>205,801</u>	<u>230,581</u>
<u>Long-Term Debt:</u>		
Mortgages Payable (Note 4)	887,645	764,760
Less current portion	<u>(3,462)</u>	<u>-</u>
Total long-term debt	<u>884,183</u>	<u>764,760</u>
Total liabilities	<u>1,089,984</u>	<u>995,341</u>
<u>Net Assets:</u>		
Unrestricted	<u>388,481</u>	<u>327,759</u>
Total net assets	<u>388,481</u>	<u>327,759</u>
Total liabilities and net assets	<u>\$1,478,465</u>	<u>\$1,323,100</u>

See Independent Auditor's Report and Notes.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

<u>Revenue and other support:</u>	<u>Unrestricted</u>	
	<u>2016</u>	<u>2015</u>
Grants	\$160,462	\$134,817
Rental income - Federal subsidies	80,302	76,609
Rental income - tenants	153,578	151,881
Gain on sale of property	-	115,808
Satisfaction of mortgage - Town of Babylon	127,115	-
Fund raising event - net	1,250	-
Miscellaneous income	<u>71</u>	<u>84</u>
Total revenue and support	<u>522,778</u>	<u>479,199</u>
 <u>Expenses:</u>		
<u>Program services</u>		
DHCR Neighborhood Preservation	88,054	88,434
Community development	37,299	46,983
Rental property	<u>114,803</u>	<u>96,667</u>
Total program services	240,156	232,084
 <u>Support Services</u>		
General and administrative	<u>221,900</u>	<u>271,518</u>
Total expenses	<u>462,056</u>	<u>503,602</u>
Increase (decrease) in net assets	60,722	(24,403)
Net assets at beginning of year	<u>327,759</u>	<u>352,162</u>
Net assets at end of year	<u>\$388,481</u>	<u>\$327,759</u>

See Independent Auditor's Report and Notes.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>Program Expenses</u>			
	<u>DHCR</u>			
	<u>Neighborhood</u>	<u>Community</u>	<u>Rental</u>	<u>Total</u>
	<u>Preservation</u>	<u>Develop.</u>	<u>Property</u>	
Salaries	\$88,054	\$28,597	\$ -	\$116,651
Fringe benefits	-	-	-	-
Stipends	-	5,000	-	5,000
Repairs & maintenance	-	-	32,268	32,268
Depreciation	-	-	62,538	62,538
Bad debt expense	-	-	-	-
Real estate taxes	-	-	3,873	3,873
Utilities	-	300	1,665	1,965
Legal and accounting	-	-	1,975	1,975
Supplies	-	460	-	460
Telephone/internet service	-	-	-	-
Insurance expense	-	2,022	8,412	10,434
Staff training	-	800	-	800
Minor equipment	-	-	500	500
Fees and permits	-	20	2,272	2,292
Security	-	-	1,300	1,300
Meeting & conferences	-	-	-	-
Travel	-	-	-	-
Donations	-	-	-	-
Dues and subscriptions	-	100	-	100
Advertising & website	-	-	-	-
Community outreach	-	-	-	-
Miscellaneous	-	-	-	-
Total functional expenses	<u>\$88,054</u>	<u>\$37,299</u>	<u>\$114,803</u>	<u>\$240,156</u>

<u>General and Administrative</u>	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
\$ 83,554	\$200,205	\$239,785
51,992	51,992	48,021
-	5,000	5,301
11,160	43,428	22,160
3,479	66,017	62,820
-	-	34,200
258	4,131	4,130
1,744	3,709	4,686
19,050	21,025	24,118
4,314	4,774	5,529
3,207	3,207	2,712
7,216	17,650	16,775
1,613	2,413	454
1,477	1,977	3,693
300	2,592	1,362
3,426	4,726	2,202
971	971	1,301
21,305	21,305	12,612
1,598	1,598	8,178
1,548	1,648	642
500	500	664
1,342	1,342	-
<u>1,846</u>	<u>1,846</u>	<u>2,257</u>
 <u>\$221,900</u>	 <u>\$462,056</u>	 <u>\$503,602</u>

See Independent Auditor's Report and Notes.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Cash flows from operating activities:</u>		
Increase (decrease) in net assets	\$ 60,722	\$ (24,403)
Gain on sale of fixed assets	-	(115,808)
<u>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities</u>		
Depreciation expense	66,017	62,820
<u>Change in current assets and liabilities</u>		
(Increase) decrease in accounts receivable	6,874	27,526
(Increase) decrease in prepaid expenses	1,786	(3,533)
Increase (decrease) in accounts payable, and payroll tax withholdings	(6,132)	(1,056)
Increase (decrease) in accrued expense	-	1,000
Increase (decrease) in tenants' security payable	2,203	4,623
Increase (decrease) in deferred revenue	<u>147,500</u>	<u>2,500</u>
Net cash provided (used) by operating activities	<u>278,970</u>	<u>(46,331)</u>
<u>Cash flows from investing activities:</u>		
Capital improvements & acquisition costs	(304,447)	(109,617)
Net dispositions of fixed assets	<u>-</u>	<u>137,948</u>
Net cash provided (used) by investing activities	<u>(304,447)</u>	<u>28,331</u>
<u>Cash flows from financing activities:</u>		
Proceeds from loans & mortgages	78,187	171,813
Satisfaction of mortgage	<u>(127,115)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(48,928)</u>	<u>171,813</u>
Net increase (decrease) in cash	(74,405)	153,813
Cash at beginning of year	<u>189,709</u>	<u>35,896</u>
Cash at end of year	<u>\$ 115,304</u>	<u>\$189,709</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
<u>Cash paid during the year</u>		
Interest expenses	<u>\$ -</u>	<u>\$ 101</u>

See Independent Auditor's Report and Notes.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1. Organization and Summary of Operations

Nature of Activities

Wyandanch Community Development Corporation (WCDC) was organized on November 8, 1971 under the laws of New York State, as a not-for-profit corporation, for the purpose of constructing and the operation of residential housing to be sold or rented to low income eligible individuals.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of WCDC have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, WCDC reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Governmental grant awards are classified as refundable advances until expended in accordance with the grant/contract period.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 2. Summary of Significant Accounting Policies (continued)

Grants, Contracts, and Rents Receivable

Grants, contracts, and rents receivable are stated at the amount Management expects to collect from outstanding balances. Management does not provide for uncollectible amounts since any amounts that are not collected would not be material to the financial statements.

Property and Equipment

Expenditures in excess of \$5,000 which enhance the value of property and equipment are capitalized. Buildings, equipment and leasehold improvements are recorded at cost. Property and equipment acquired under governmental grants are expensed in the year acquired. Depreciation of property and equipment is being provided on the straight line method over the estimated useful life of the assets.

Estimates

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

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

WCDC maintains non-interest bearing checking accounts and an interest bearing savings account with two financial institutions located in Wyandanch, NY. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2016 all cash balances held by WCDC were fully insured.

Income Taxes

WCDC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes. Accordingly, no provision for income taxes has been made in the accompanying statements.

Uncertainty in Income Taxes

Management has considered the tax positions taken in its tax returns and believes that all of the positions taken by WCDC in its federal and state exempt organization tax returns are more likely-than-not to be sustained upon examination.

WCDC's federal returns for the years ended June 30, 2016, 2015 and 2014 could be subject to examination by federal taxing authorities, generally three years after they are filed.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 2. Summary of Significant Accounting Policies (continued)

Subsequent Events

Management of WCDC has evaluated events and transactions subsequent to June 30, 2016 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through the date the financial statements became available to be issued, September 15, 2016.

Compensated absences

The liability for future compensated absences is immaterial at June 30, 2016 and 2015. Employees normally take their vacations prior to year end, the period vacation is earned.

Note 3. Accounts Receivable-Grants and Tenants

The details of the accounts receivable at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Town of Babylon	\$17,369	\$16,883
Rents receivable	<u>4,951</u>	<u>12,311</u>
Total	<u>\$22,320</u>	<u>\$29,194</u>

Note 4. Construction Loan

The construction loan balance at June 30, 2015 of \$171,813 was from the Town of Babylon and represents advances for the construction of two houses located at 38 Davidson Street and 17 Hickory Street. Upon completion of the construction, the loans were converted into 20 year mortgages/liens from the Town of Babylon for \$125,000 per property. The construction loans were non-interest bearing.

Note 5. Mortgages Payable - \$887,645

There are eight mortgages payable to the Town of Babylon. Six of the mortgages are considered liens on the property in the form of a mortgage and are considered grants when all the terms are satisfied. Interest rates on these mortgages is 4% per annum. No payments are due unless the properties are sold within a specified period (15 or 20 years) commencing on the date the mortgages were granted, or if WCDC doesn't comply with the affordability requirements set forth in the loan agreement. Under the terms of each of the six loan/lien agreements once the loans mature and all of the conditions of the agreement have been satisfied, WCDC receives a satisfaction of mortgage from Suffolk county for the property and the amount is recognized as revenue in the statement of activities in the year the mortgage is satisfied.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 5. Mortgages Payable (continued)

A summary of the six mortgages payable in the form of liens, to the Town of Babylon, the location of these properties, the terms and amounts of these mortgages are as follows:

<u>Property Address</u>	<u>Terms</u>	<u>2016</u>	<u>2015</u>
6 Lindsay Avenue	15yrs - 06/01/2015	-0-	127,115
10 Lindsay Avenue	20yrs - 07/01/2026	110,000	110,000
145 Jefferson Avenue	20yrs - 09/01/2029	170,645	170,645
42 Irving Avenue	20yrs - 06/11/2033	177,000	177,000
45 Parkway Blvd	20yrs - 12/05/2033	180,000	180,000
38 Davidson Street	20yrs - 03/28/2036	62,500	-
17 Hickory Street	20yrs - 03/28/2036	<u>62,500</u>	<u>-</u>
		<u>\$762,645</u>	<u>\$764,760</u>

WCDC has two mortgages from the Town of Babylon that are secured by the property owned by WCDC. Details of these two mortgages are as follows:

38 Davidson Street - \$62,500

The mortgage is payable in monthly installments of \$346 commencing October 1, 2016, including interest at the rate of 3% per annum. The maturity date is September 1, 2036.

17 Hickory Street - \$62,500

The mortgage is payable in monthly installments of \$346 commencing October 1, 2016, including interest at the rate of 3% per annum. The maturity date is September 1, 2036.