

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

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JUNE 30, 2017

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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, 2017, 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, 2017, 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 2016 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated September 15, 2016. In my 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.

Frank J. Scarano CPA, Professional LLC

September 12, 2017

WYDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<u>Current assets:</u>		
Cash	\$ 257,247	\$ 115,304
Accounts receivable (Note 3)	22,383	22,320
Prepaid expenses	<u>11,073</u>	<u>9,703</u>
Total current assets	<u>290,703</u>	<u>147,327</u>
<u>Fixed Assets: (Note 1)</u>		
Land and buildings	2,148,095	2,142,998
Furniture & equipment	25,290	25,290
Construction in progress	<u>626,423</u>	<u>4,119</u>
	2,799,808	2,172,407
Less: accumulated depreciation	<u>(919,940)</u>	<u>(841,269)</u>
Total fixed assets	<u>1,879,868</u>	<u>1,331,138</u>
Total assets	<u>\$2,170,571</u>	<u>\$1,478,465</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities:</u>		
Accounts payable & payroll tax withholdings	\$ 10,001	\$ 327
Accrued expenses	18,000	18,000
Tenants' security payable	39,434	34,012
Current portion of long term debt	4,749	3,462
Deferred revenue (Note 4)	<u>930,715</u>	<u>150,000</u>
Total current liabilities	<u>1,002,899</u>	<u>205,801</u>
<u>Long-Term Debt:</u>		
Mortgages Payable (Note 5)	883,794	887,645
Less current portion	<u>(4,749)</u>	<u>(3,462)</u>
Total long-term debt	<u>879,045</u>	<u>884,183</u>
Total liabilities	<u>1,881,944</u>	<u>1,089,984</u>
<u>Net Assets:</u>		
Unrestricted	<u>288,627</u>	<u>388,481</u>
Total net assets	<u>288,627</u>	<u>388,481</u>
Total liabilities and net assets	<u>\$2,170,571</u>	<u>\$1,478,465</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, 2017 AND 2016

	<u>Unrestricted</u>	
<u>Revenue and other support:</u>	<u>2017</u>	<u>2016</u>
Grants	\$158,181	\$160,462
Rental income - Federal subsidies	97,886	80,302
Rental income - tenants	162,496	153,578
Satisfaction of mortgage - Town of Babylon	-	127,115
Interest income	134	71
Fund raising event - net	<u>1,375</u>	<u>1,250</u>
Total revenue and support	<u>420,072</u>	<u>522,778</u>
<u>Expenses:</u>		
<u>Program services</u>		
DHCR Neighborhood Preservation	91,526	88,054
Community development	40,852	37,299
Rental property	<u>129,567</u>	<u>114,803</u>
Total program services	261,945	240,156
<u>Support Services</u>		
General and administrative	<u>257,981</u>	<u>221,900</u>
Total expenses	<u>519,926</u>	<u>462,056</u>
Increase (decrease) in net assets	(99,854)	60,722
Net assets at beginning of year	<u>388,481</u>	<u>327,759</u>
Net assets at end of year	<u>\$288,627</u>	<u>\$388,481</u>

See Independent Auditor's Report and Notes.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	<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	\$91,526	\$31,655	\$ -	\$123,181
Fringe benefits	-	-	-	-
Stipends	-	-	-	-
Repairs & maintenance	-	-	29,925	29,925
Depreciation	-	-	75,192	75,192
Interest expense	-	-	3,082	3,082
Real estate taxes	-	-	4,211	4,211
Utilities	-	-	2,048	2,048
Legal and accounting	-	-	1,260	1,260
Supplies	-	12	-	12
Telephone/internet service	-	-	-	-
Insurance expense	-	-	7,930	7,930
Staff training	-	-	-	-
Minor equipment	-	-	1,915	1,915
Fees and permits	-	-	2,523	2,523
Security	-	-	1,475	1,475
Meeting & conferences	-	-	-	-
Travel	-	-	-	-
Donations	-	5,000	-	5,000
Dues and subscriptions	-	-	-	-
Advertising & website	-	-	-	-
Community outreach	-	4,177	-	4,177
Miscellaneous	-	8	6	14
	<u>-</u>	<u>8</u>	<u>6</u>	<u>14</u>
Total functional expenses	<u>\$91,526</u>	<u>\$40,852</u>	<u>\$129,567</u>	<u>\$261,945</u>

<u>General and Administrative</u>	<u>Totals</u>	
	<u>2017</u>	<u>2016</u>
\$112,614	\$235,795	\$200,205
59,032	59,032	51,992
-	-	5,000
9,841	39,766	43,428
3,479	78,671	66,017
-	3,082	-
263	4,474	4,131
2,964	5,012	3,709
19,750	21,010	21,025
5,510	5,522	4,774
3,180	3,180	3,207
11,180	19,110	17,650
600	600	2,413
799	2,714	1,977
50	2,573	2,592
908	2,383	4,726
1,265	1,265	971
20,232	20,232	21,305
2,108	7,108	1,598
1,721	1,721	1,648
109	109	500
-	4,177	1,342
<u>2,376</u>	<u>2,390</u>	<u>1,846</u>
<u>\$257,981</u>	<u>\$519,926</u>	<u>\$462,056</u>

See Independent Auditor's Report and Notes.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities:</u>		
Increase (decrease) in net assets	\$ (99,854)	\$ 60,722
<u>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities</u>		
Depreciation expense	78,671	66,017
<u>Change in current assets and liabilities</u>		
(Increase) decrease in accounts receivable	(63)	6,874
(Increase) decrease in prepaid expenses	(1,370)	1,786
Increase (decrease) in accounts payable, and payroll tax withholdings	9,674	(6,132)
Increase (decrease) in accrued expense	-	-
Increase (decrease) in tenants' security payable	5,422	2,203
Increase (decrease) in deferred revenue	<u>780,715</u>	<u>147,500</u>
Net cash provided (used) by operating activities	<u>773,195</u>	<u>278,970</u>
<u>Cash flows from investing activities:</u>		
Capital improvements & acquisition costs	(627,401)	(304,447)
Net dispositions of fixed assets	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(627,401)</u>	<u>(304,447)</u>
<u>Cash flows from financing activities:</u>		
Proceeds from loans & mortgages	-	78,187
Satisfaction of mortgage	<u>(3,851)</u>	<u>(127,115)</u>
Net cash provided (used) by financing activities	<u>(3,851)</u>	<u>(48,928)</u>
Net increase (decrease) in cash	141,943	(74,405)
Cash at beginning of year	<u>115,304</u>	<u>189,709</u>
Cash at end of year	<u>\$ 257,247</u>	<u>\$115,304</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
<u>Cash paid during the year</u>		
Interest expenses	<u>\$ 3,082</u>	<u>\$ -</u>

See Independent Auditor's Report and Notes.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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.

Financial Statement Presentation

WCDC reports information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. WCDC has no permanently restricted net assets.

Comparative Financial Information

The statements of financial position, activities and changes in net assets include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with WCDC's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

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.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

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.

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, 2017 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.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

WCDC's federal returns for the years ended June 30, 2017, 2016 and 2015 could be subject to examination by federal taxing authorities, generally three years after they are filed.

Subsequent Events

Management of WCDC has evaluated events and transactions subsequent to June 30, 2017 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 12, 2017.

Compensated absences

The liability for future compensated absences is immaterial at June 30, 2017 and 2016. 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, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Town of Babylon	\$15,841	\$17,369
Rents receivable	4,067	4,951
Other	<u>2,475</u>	<u>-</u>
Total	<u>\$22,383</u>	<u>\$22,320</u>

Note 4. Deferred Revenue - \$930,715

Urban Initiative Program - \$120,000

The Urban Initiative grant provided by the NYS Housing Trust Fund Corp. in the amount of \$150,000 for the construction of 38 Davidson and 17 Hickory is recognized as revenue over a five year period. The recapture period ends on September 22, 2019. For the current year ended June 30, 2017 \$30,000 was recognized as grant revenue and is reflected in grant revenue on the statement of activities.

Town of Babylon - \$810,715

The Town of Babylon provided grant funds for the construction of four homes to be sold as affordable housing. Upon completion and sale of the units the proceeds will be given to the Town of Babylon. WCDC will receive a developers fee not to exceed \$20,000 per unit.

Note 5. Mortgages Payable - \$883,794

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.

WYANDANCH COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Note 5. Mortgages Payable (continued)

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.

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>2017</u>	<u>2016</u>
6 Lindsay Avenue	15yrs - 06/01/2015	-0-	-
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	62,500
17 Hickory Street	20yrs - 03/28/2036	<u>62,500</u>	<u>62,500</u>
		<u>\$762,645</u>	<u>\$762,645</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 - \$60,575

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 - \$60,574

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.