

BROOKLYN HEIGHTS ASSOCIATION, INC.

FINANCIAL STATEMENTS

August 31, 2022 and 2021

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Independent Auditor's Report

To the Board of Governors of
Brooklyn Heights Association, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brooklyn Heights Association, Inc. ("BHA"), a not-for-profit organization, which comprise the statements of financial position as of August 31, 2022 and 2021, and related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Brooklyn Heights Association, Inc. as of August 31, 2022 and 2021, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brooklyn Heights Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brooklyn Heights Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Brooklyn Heights Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brooklyn Heights Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Gruber Palumberi Raffaele Fried, PC

New York, NY

July 7, 2023

BROOKLYN HEIGHTS ASSOCIATION, INC.**Statements of Financial Position****As of August 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 800,674	\$ 705,951
Prepaid expenses and other current assets	5,663	4,100
Website, net	750	5,404
Equipment and software, net	<u>3,857</u>	<u>6,369</u>
 Total assets	 <u>\$ 810,944</u>	 <u>\$ 721,824</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 19,506	\$ 42,053
Designer Showhouse security deposit payable	65,000	-
Deferred revenues	<u>120,231</u>	<u>26,090</u>
 Total liabilities	 <u>204,737</u>	 <u>68,143</u>
 NET ASSETS		
Without donor restrictions	512,467	572,161
With donor restrictions	<u>93,740</u>	<u>81,520</u>
 Total net assets	 <u>606,207</u>	 <u>653,681</u>
 Total liabilities and net assets	 <u>\$ 810,944</u>	 <u>\$ 721,824</u>

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

BROOKLYN HEIGHTS ASSOCIATION, INC.

Statements of Activities

For the Years Ended August 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Grants and contributions	\$ 112,842	\$ -	\$ 112,842	\$ 114,479	\$ -	\$ 114,479
In-kind contributions - rent	15,600	-	15,600	15,600	-	15,600
Membership dues	142,005	-	142,005	132,301	-	132,301
Program revenue	4,785	13,901	18,686	245	4,175	4,420
Fundraising events:						
Party on the Promenade	26,000	-	26,000	-	-	-
Less: costs of direct benefits to donors	(7,874)	-	(7,874)	-	-	-
PGC Perennial Party	12,550	7,600	20,150	-	16,268	16,268
Less: costs of direct benefits to donors	(1,095)	-	(1,095)	-	(287)	(287)
Height in Light	-	-	-	14,660	-	14,660
Less: costs of direct benefits to donors	-	-	-	(3,492)	-	(3,492)
Fire Victims Fund	-	11,866	11,866	-	-	-
Halloween Party	364	-	364	-	-	-
Investment income	1,087	-	1,087	1,247	-	1,247
	306,264	33,367	339,631	275,040	20,156	295,196
Net assets released from restrictions						
Satisfaction of program restrictions	21,147	(21,147)	-	22,276	(22,276)	-
	327,411	12,220	339,631	297,316	(2,120)	295,196
EXPENSES:						
Program services						
Community maintenance and improvement	99,531	-	99,531	70,411	-	70,411
Community planning and preservation	60,434	-	60,434	54,995	-	54,995
Public outreach	97,693	-	97,693	54,813	-	54,813
Management and general	73,657	-	73,657	81,158	-	81,158
Fundraising	55,790	-	55,790	34,699	-	34,699
Total expenses	387,105	-	387,105	296,076	-	296,076
Change in net assets	(59,694)	12,220	(47,474)	1,240	(2,120)	(880)
Net assets, beginning of year	572,161	81,520	653,681	570,921	83,640	654,561
Net assets, end of year	\$ 512,467	\$ 93,740	\$ 606,207	\$ 572,161	\$ 81,520	\$ 653,681

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

BROOKLYN HEIGHTS ASSOCIATION, INC.

Statement of Functional Expenses

For the Year Ended August 31, 2022

	Programs Services				Supporting Services		2022 Total
	Community maintenance and improvement	Community planning and preservation	Public outreach	Total	Management and General	Fundraising	
Salaries	\$ 34,588	\$ 41,595	\$ 35,783	\$ 111,966	\$ 30,977	\$ 20,651	\$ 163,594
Payroll taxes and fringe benefits	6,404	7,653	6,677	20,734	5,772	3,911	30,417
Total salaries and related expenses	<u>40,992</u>	<u>49,248</u>	<u>42,460</u>	<u>132,700</u>	<u>36,749</u>	<u>24,562</u>	<u>194,011</u>
Other expenses:							
Community maintenance and improvement	45,675	-	-	45,675	-	-	45,675
Accounting and auditing	-	-	-	-	28,066	-	28,066
Other Designer Showhouse related costs	-	-	16,884	16,884	-	16,883	33,767
Events	277	-	20,413	20,690	-	2,000	22,690
Office and miscellaneous expenses	4,792	5,038	2,457	12,287	2,836	3,781	18,904
Rent	3,346	3,089	2,145	8,580	3,900	3,120	15,600
Postage	655	517	553	1,725	575	3,449	5,749
Website	-	-	3,798	3,798	-	-	3,798
Grants and contributions	-	-	3,300	3,300	-	-	3,300
Meeting expenses	-	-	3,011	3,011	-	-	3,011
Printing	508	412	453	1,373	275	1,098	2,746
Telephone	652	464	334	1,450	181	181	1,812
Dues and Subscriptions	-	-	810	810	-	-	810
Total other expenses	<u>55,905</u>	<u>9,520</u>	<u>54,158</u>	<u>119,583</u>	<u>35,833</u>	<u>30,512</u>	<u>185,928</u>
Total expenses before depreciation and amortization	96,897	58,768	96,618	252,283	72,582	55,074	379,939
Depreciation and amortization	<u>2,634</u>	<u>1,666</u>	<u>1,075</u>	<u>5,375</u>	<u>1,075</u>	<u>716</u>	<u>7,166</u>
Total expenses	<u>\$ 99,531</u>	<u>\$ 60,434</u>	<u>\$ 97,693</u>	<u>\$ 257,658</u>	<u>\$ 73,657</u>	<u>\$ 55,790</u>	<u>\$ 387,105</u>

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

BROOKLYN HEIGHTS ASSOCIATION, INC.

Statement of Functional Expenses

For the Year Ended August 31, 2021

	Programs Services				Supporting Services		2021 Total
	Community maintenance and improvement	Community planning and preservation	Public outreach	Total	Management and General	Fundraising	
Salaries	\$ 29,151	\$ 35,057	\$ 30,158	\$ 94,366	\$ 26,108	\$ 17,405	\$ 137,879
Payroll taxes and fringe benefits	6,113	7,277	6,404	19,794	5,531	3,784	29,109
Total salaries and related expenses	<u>35,264</u>	<u>42,334</u>	<u>36,562</u>	<u>114,160</u>	<u>31,639</u>	<u>21,189</u>	<u>166,988</u>
Other expenses:							
Accounting and auditing	-	-	-	-	35,635	-	35,635
Office and miscellaneous expenses	5,915	3,742	2,414	12,071	5,837	4,389	22,297
Community maintenance and improvement	21,896	-	-	21,896	-	-	21,896
Rent	1,201	5,234	2,145	8,580	3,900	3,120	15,600
Postage	230	182	194	606	303	5,149	6,058
Website	-	-	4,121	4,121	-	-	4,121
Meeting expenses	-	-	3,709	3,709	-	-	3,709
Printing	590	159	845	1,594	725	580	2,899
Telephone	980	697	500	2,177	272	272	2,721
Grants and contributions	-	-	2,615	2,615	-	-	2,615
Events	150	-	-	150	-	-	150
Total other expenses	<u>30,962</u>	<u>10,014</u>	<u>16,543</u>	<u>57,519</u>	<u>46,672</u>	<u>13,510</u>	<u>117,701</u>
Total expenses before depreciation and amortization	66,226	52,348	53,105	171,679	78,311	34,699	284,689
Depreciation and amortization	<u>4,185</u>	<u>2,647</u>	<u>1,708</u>	<u>8,540</u>	<u>2,847</u>	<u>-</u>	<u>11,387</u>
Total expenses	<u>\$ 70,411</u>	<u>\$ 54,995</u>	<u>\$ 54,813</u>	<u>\$ 180,219</u>	<u>\$ 81,158</u>	<u>\$ 34,699</u>	<u>\$ 296,076</u>

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

BROOKLYN HEIGHTS ASSOCIATION, INC.
Statements of Cash Flows
For the Years Ended August 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (47,474)	\$ (880)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,166	11,387
SBA PPP loan forgiveness	-	(31,195)
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses and other current assets	(1,563)	8,211
(Decrease) increase in accounts payable and accrued expenses	(22,547)	19,898
Increase in Designer Showhouse security deposit payable	65,000	-
Increase in deferred revenues	94,141	26,090
Net cash provided by operating activities	<u>94,723</u>	<u>33,511</u>
Cash flows from investing activities:		
Purchase of equipment and software	-	(1,956)
Net cash (used in) investing activities	<u>-</u>	<u>(1,956)</u>
Cash flows from financing activities:		
Proceeds from PPP loan	-	31,195
Net cash provided by financing activities	<u>-</u>	<u>31,195</u>
Net increase in cash and cash equivalents	94,723	62,750
Cash and cash equivalents, beginning of year	<u>705,951</u>	<u>643,201</u>
Cash and cash equivalents, end of year	<u>\$ 800,674</u>	<u>\$ 705,951</u>

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

BROOKLYN HEIGHTS ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2022 and 2021

NOTE 1. ORGANIZATION

Brooklyn Heights Association, Inc. (“BHA”) is a not-for-profit organization, founded in 1910 and later incorporated in the State of New York in 1948. BHA's primary purpose is the preservation, protection and enhancement of the quality of life in Brooklyn Heights. Such objectives are accomplished through stimulating an interest in and promoting the well being of Brooklyn Heights among its residents and businesses; maintaining the quality of life in Brooklyn Heights as a residential area; and furthering public policies and investments for its betterment.

BHA’s program activities are summarized as follows:

Community maintenance and improvement: BHA funds street tree and public gardens planting and maintenance.

Community planning and preservation: BHA plays an advisory role in historic preservation issues, and is an advocate for the neighborhood in land use, zoning and transportation issues.

Public outreach: BHA keeps residents informed, receives input on issues affecting the neighborhood, and acts as a liaison between government agencies and other civic organizations on behalf of the Brooklyn Heights neighborhood.

For Federal income tax purposes, BHA is classified as a 501(c)(3) organization and is exempt under section 501(a) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of BHA have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America. The significant accounting policies are described below.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

BROOKLYN HEIGHTS ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2022 and 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

BHA records contributions and grants, both cash and in-kind, when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either net assets without donor restriction, or net assets with donor restriction, depending on whether the donor has imposed a restriction on the use of such assets.

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions.

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate determined in the year in which the contribution originates. Amortization of the discount is included in contribution revenue. BHA received no multiyear promises to give during the years ended August 31, 2022 and 2021.

Membership Dues and Fundraising Event Revenues

Amounts collected from members consist of membership dues and charitable contributions to BHA. Members receive no tangible benefits in exchange for their dues. Amounts received in excess of the fair value of any benefits received by members are reported as charitable contributions to BHA. For the years ended August 31, 2022 and 2021, management determined the accounting value allocable to such benefits to be de minimis, and, accordingly, all dues for these years were treated as contributions to BHA.

Amounts collected for certain fundraising events also consist partly of benefits in exchange for the event fee and partly of charitable contributions to BHA. The portion of event revenue exceeding the fair value of any goods or services given to the donor are charitable contributions to BHA.

Revenue and Expense Recognition

Designer Showhouse

In May 2022, BHA executed a new contract to hold the third Designer Showhouse during the period from September 23, 2022 through October 30, 2022. In fiscal year 2022. The costs incurred to host the third Designer showhouse included consulting fees, advertising, printing and mailing, catering, insurance among others. Such costs totaled \$33,767 were expensed as incurred in the accompanying Statements of Functional Expenses for the year ended August 31, 2022. Monies received by BHA in advance of holding the third Designer Showhouse were deferred in the 2022 fiscal year's financial statements and totaled \$120,231 as of August 31, 2022. These deferred revenues will be recognized as revenue in the fiscal year 2023 when the event will take place.

BROOKLYN HEIGHTS ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2022 and 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Expense Recognition (continued)

Designer Showhouse (continued)

In addition, as of August 31, 2022, BHA received \$65,000 in security deposits from certain designers participating in the event. These security deposits will be returned at the conclusion of the event.

Revenue and expenses recognized for the third Designer Showhouse events are as follows:

	<u>FYE 2022</u>
Revenue recognized	\$ -
Expenses recognized	<u>33,767</u>
Deficit of Revenue over Expenses	<u>\$ (33,767)</u>

Party on the Promenade

Party on the Promenade event was held on September 23, 2021. Any monies received by BHA in advance of holding the events were deferred in the accompanying financial statements and totaled \$26,000 as of August 31, 2021. These deferred revenues are recognized in the 2022 fiscal year.

Fire Victims Fund

In Dec 2021 the BHA asked the community to help out the victims who were displaced by the fire, total \$11,866 were collected and distributed to the two individuals during fiscal year 2022.

Equipment and Software

BHA capitalizes equipment and software with a cost or fair value exceeding \$100 and a useful life of more than one year. Depreciation and amortization of equipment and software is provided on the straight-line method over the expected useful lives of the assets as follows:

Equipment and software	3-5 years
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Website

Website costs related to data hosting services, site configuration, and conceptual design are capitalized. Costs related to planning the project are expensed as incurred. BHA launched a new website in October 2016. Its capitalized costs are amortized over a five-year expected life using the straight-line method.

BROOKLYN HEIGHTS ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2022 and 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocations

The costs of program supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

Income Taxes

Financial Accounting Standards Board Accounting Standards Codification 740 ("ASC 740") *Accounting for Uncertainty in Income Taxes*. ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. BHA does not believe its financial statements include any uncertain tax positions.

BHA has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions.

BHA's Form 990, *Return of Organization Exempt from Income Tax*, for the years ended August 31, 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

In-kind Contributions

In-kind contributions of goods and office facilities are recognized as assets or expenses and revenues in the accompanying financial statements at their estimated fair market value at the time of donation. BHA recognizes in-kind services if the services as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically be purchased by BHA if not provided by donation.

GIK Valuation Techniques: Donated goods and services are valued using the fair market value as determined by the donor on the date of donation. Donated securities are valued using the market value that the securities are trading in the publicly traded securities market on the date of donation.

Donor Restrictions and GIK Use: No GIK was received. It is the organization's policy to sell donated securities as soon as possible to minimize loss in the value of securities.

BROOKLYN HEIGHTS ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2022 and 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FASB ASC 606 New Accounting Guidance Implementation

BHA adopted the provisions of the FASB's ASC topic 606, *Revenue from Contracts with Customers* (Topic 606), which amended the existing accounting standards for revenue recognition. The adoption of this new revenue standard does not have a significant impact on the amount and timing of revenue recognized in BHA's financial statements. Based on BHA's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

BHA recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Recent Authoritative Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new ASU establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Due to the COVID-19 outbreak in the United States, on April 8, 2020 FASB voted to delay implementation of ASU No. 2016-02. On June 3, 2020, the FASB updated guidance to delay implementation of ASU No. 2016-02, Leases (Topic 842) for one year. The standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2021, and interim reporting periods within annual reporting periods beginning after December 15, 2022. BHA is evaluating the impact of the new standard on the organization's financial statements.

NOTE 3. EQUIPMENT AND SOFTWARE, NET

A summary of equipment and software cost and depreciation and amortization is as follows at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equipment and software	\$ 15,871	\$ 15,871
Less: accumulated depreciation and amortization	<u>(12,014)</u>	<u>(9,502)</u>
	<u>\$ 3,857</u>	<u>\$ 6,369</u>

Depreciation and amortization for the years ended August 31, 2022 and 2021 amounted to \$2,511 and \$2,578, respectively.

BROOKLYN HEIGHTS ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2022 and 2021

NOTE 4. WEBSITE, NET

A summary of website costs and amortization is as follows at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Website	\$ 44,043	\$ 44,043
Less: accumulated amortization	<u>(43,293)</u>	<u>(38,639)</u>
	<u>\$ 750</u>	<u>\$ 5,404</u>

Amortization for the years ended August 31, 2022 and 2021 amounted to \$4,654 and \$8,809, respectively.

NOTE 5. CONCENTRATIONS

BHA maintains cash balances in checking accounts and money market accounts at two financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to total of \$250,000 per bank or institution. BHA has not experienced, nor does anticipate, any losses in such accounts. Cash balances exceeded Federally insured limits by \$300,675 and by \$218,024 during the years ended August 31, 2022 and 2021.

NOTE 6. IN-KIND RENT

BHA maintains office facilities located in Brooklyn Heights that are provided to the organization rent-free by the landlord, with another not-for-profit organization, pursuant to an informal, unwritten agreement on an annual basis. BHA has recognized the fair value rental of the office space in the amount of \$15,600 as both an expense and in-kind contribution in its Statements of Activities for both of the years ended August 31, 2022 and 2021.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

BHA's assets released from donor purpose restrictions for the years ended August 31, 2022 are reflected below:

	August 31,		Net assets	August 31,
	<u>2021</u>	Contributions	released from	<u>2022</u>
			restrictions	
Tree Fund and Landscaping/Beautification Funds	\$ 22,996	\$ 5,970	\$ (78)	\$ 28,888
Promenade Gardens Public-Private Partnership	58,240	14,266	(8,969)	63,537
Brooklyn Height Playground Committee	234	-	(234)	-
BQE Fund	50	1,265	-	1,315
Fire Victims Fund	-	11,866	(11,866)	-
	<u>\$ 81,520</u>	<u>\$ 33,367</u>	<u>\$ (21,147)</u>	<u>\$ 93,740</u>

BROOKLYN HEIGHTS ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2022 and 2021

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

BHA's assets released from donor purpose restrictions for the years ended August 31, 2021 are reflected below:

	August 31, 2020	Contributions	Net assets released from restrictions	August 31, 2021
Tree Fund and Landscaping/Beautification Funds	\$ 22,911	\$ 165	\$ (80)	\$ 22,996
Promenade Gardens Public-Private Partnership	60,495	19,928	(22,183)	58,240
Brooklyn Height Playground Committee	234	-	-	234
BQE Fund	-	350	(300)	50
	<u>\$ 83,640</u>	<u>\$ 20,443</u>	<u>\$ (22,563)</u>	<u>\$ 81,520</u>

NOTE 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The below reflects BHA's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2022	2021
Financial assets, at year-end		
Cash and cash equivalents	<u>\$ 800,674</u>	<u>\$ 705,951</u>
	<u>800,674</u>	<u>705,951</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	<u>(93,740)</u>	<u>(81,520)</u>
	<u>(93,740)</u>	<u>(81,520)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 706,934</u>	<u>\$ 624,431</u>

Because a donor's restriction requires resources to be used in a particular manner or in a future period, BHA must maintain sufficient resources to meet these responsibilities to such donors. As part of BHA's liquidity management, the organization has structured its financial assets to be available as its general expenditures, liabilities and other obligations (including those relating to donor restricted activities) come due.

In total, BHA has financial assets on hand at August 31, 2022 to cover more than one year of operating expenses based on the 2023 monthly budgeted run rate for all program and support service expense.

BROOKLYN HEIGHTS ASSOCIATION, INC.

Notes to Financial Statements

August 31, 2022 and 2021

NOTE 9. PPP LOAN

BHA received a loan from Flushing Bank in the amount of \$31,195 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The loan is subject to a note dated and may be forgiven to the extent proceeds of the loan are used for eligible expenditures, within the prescribed period, such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 0.98% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note.

On August 9, 2021 BHA received notification that the PPP loan with the financial institution in the amount of \$31,195 had been forgiven by the Small Business Administration. The forgiven amount is recognized as grants and contributions in the statement of activities for the fiscal year ended August 31, 2021.

NOTE 10. SUBSEQUENT EVENTS

BHA evaluated its August 31, 2022 financial statements for subsequent events through July 7, 2023, the date the financial statements were available to be issued. BHA is not aware of any subsequent events which would require recognition or disclosure in the financial statements.