

**George R. Kaminski**  
*Certified Public Accountant*

ROCKAWAY DEVELOPMENT  
AND  
REVITALIZATION CORPORATION

Financial Statements

June 30, 2020

(With Independent Auditor's Report Thereon)

ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION

June 30, 2020

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# **George R. Kaminski**

## ***Certified Public Accountant***

### Independent Auditor's Report

Board of Directors and Management  
Rockaway Development and Revitalization Corporation

I have audited the accompanying financial statements of Rockaway Development and Revitalization Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 the 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

**5051 N Sabino Canyon Road, Unit 2241 Tucson, Arizona 85750-6482**



## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of I have audited the accompanying financial statements of Rockaway Development and Revitalization Corporation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*George R. Hamush*

January 22, 2021



**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Statement of Financial Position**  
**June 30, 2020**

**Exhibit I**

**Assets**

**Current Assets**

Cash and cash equivalents-Operating and Programs	\$	268,328	
Grants receivable		291,159	
Deposits and other receivables		<u>21,498</u>	
Total Current Assets			\$ 580,985

**Fixed Assets**

Community Office Building	2,347,687	
Office Equipment	<u>84,234</u>	
Total Fixed Assets	2,431,921	
Less Accumulated Depreciation and Amortization	<u>(693,303)</u>	
Net Fixed Assets		<u>1,738,618</u>
Total Assets		\$ <u>2,319,603</u>

**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable and accrued expenses	\$	207,024	
Line of credit payable		94,372	
Paycheck Protection Program Advance		157,556	
Loans Payable		271,539	
Unexpended project advances-sponsored programs and development		<u>-</u>	
Total Current Liabilities			\$ 730,491

**Long-term Liabilities**

Total Liabilities	<u>-</u>	730,491
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**Net Assets**

Without Donor Restrictions	301,155	
With Donor Restrictions	<u>1,287,957</u>	
Total Net Assets		<u>1,589,112</u>
Total Liabilities and Net Assets		\$ <u>2,319,603</u>

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

## ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION

## Statement of Activities

For the Fiscal Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenues, Gains and Other Support</b>			
Government grants - reimbursable sponsored projects	\$ 1,215,450	\$ -	\$ 1,215,450
Government grants - other sponsored projects	41,000		41,000
Grants - foundations and corporate	167,800	-	167,800
Contributions	4,865	-	4,865
Service fees and other revenues	4,539	-	4,539
Interest income	5	-	5
	<u>1,433,659</u>	<u>-</u>	<u>1,433,659</u>
Total Revenues, Gains and Other Support	<u>1,433,659</u>	<u>-</u>	<u>1,433,659</u>
Net assets released from donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues, Gains and Other Support and Net assets released from donor restrictions</b>	<u>1,433,659</u>	<u>-</u>	<u>1,433,659</u>
<b>Functional Expenses</b>			
<b>Program services:</b>			
Job readiness, workforce and economic development progra	511,242	-	511,242
School based programs	780,991	-	780,991
Other supported programs	150,650	-	150,650
	<u>1,442,883</u>	<u>-</u>	<u>1,442,883</u>
<b>Total program services</b>	<u>1,442,883</u>	<u>-</u>	<u>1,442,883</u>
<b>Supporting services:</b>			
Administrative Costs	142,021	-	142,021
Fund Raising Costs	22,499	-	22,499
	<u>164,520</u>	<u>-</u>	<u>164,520</u>
<b>Total supporting services</b>	<u>164,520</u>	<u>-</u>	<u>164,520</u>
<b>Total functional expenses</b>	<u>1,607,403</u>	<u>-</u>	<u>1,607,403</u>
<b>Increase ( Decrease ) in Net Assets</b>	<u>(173,744)</u>	<u>-</u>	<u>(173,744)</u>
<b>Net Assets at Beginning of Year</b>	<u>474,899</u>	<u>1,287,957</u>	<u>1,762,856</u>
<b>Net Assets at End of Year</b>	<u>\$ 301,155</u>	<u>\$ 1,287,957</u>	<u>\$ 1,589,112</u>

The accompanying notes are an integral part of these financial state

**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Statement of Cash Flows**  
**Fiscal Year Ended June 30, 2020**

**Exhibit III**

**Cash Flows from Operating Activities**

Increase (decrease) in net assets	\$ (173,744)	
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	75,009	
Decrease (increase) in grants receivable	(33,557)	
Decrease (increase) in deposits and other receivables	2,340	
Increase (decrease) in accounts and accrued expenses	97,097	
Increase (decrease) in line of credit payable	(505)	
Increase (decrease) in Paycheck Protection Program Advance	157,556	
Increase (decrease) in project advances	<u>(21,327)</u>	
Net cash provided (used) by operating activities		\$ 102,869

**Cash Flows from Financing Activities**

Loan proceeds received	-	
Loan principal payments	<u>(8,565)</u>	
Net cash used by financing activities		(8,565)

**Cash Flows from Investing Activities**

Capitalized equipment	(7,537)	
Capitalized building improvements	<u>(17,300)</u>	
Net cash used by investing activities		<u>(24,837)</u>

**Net Increase (Decrease) in Cash and Cash Equivalents** 69,467

**Cash and Cash Equivalents at Beginning of Year** 198,861

**Cash and Cash Equivalents at End of Year** \$ 268,328

Note: Interest Paid \$ 28,570 (Includes \$ 14,800 in capitalized interest)

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



**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Statement of Functional Expenses**  
**Fiscal Year Ended June 30, 2020**

Exhibit IV

	Program Service Costs			Support Services			Total
	Job Readiness & Workforce, Economic Development Programs	School Based Programs	Other Programs	Total Program Service Costs	Administration	Fund Raising	Total Functional Expenses
Salaries and payroll	\$ 300,932	\$ 504,996	\$ 62,432	\$ 868,360	\$ 33,009	\$ 6,407	\$ 907,776
Payroll taxes	24,109	42,395	4,971	71,475	2,826	548	74,849
Employee benefits	18,905	36,689	9,000	64,594	1,508	293	66,395
Program materials and supplies	-	4,508	572	5,080	7,639	1,482	14,201
Expendable equipment	5,243	10,012	-	15,255	1,617	-	16,872
Program consultants	-	21,000	24,615	45,615	900	-	46,515
Occupancy	1,333	55,649	9,062	66,044	24,520	4,759	95,323
Communications	342	13,811	-	14,153	8,829	1,714	24,696
Postage and shipping	-	514	-	514	247	48	809
Printing	-	2,595	-	2,595	241	47	2,883
Accounting and auditing	896	44,150	2,000	47,046	16,871	-	63,917
Program participant costs	1,295	6,657	335	8,287	-	-	8,287
Insurance	-	13,584	-	13,584	6,992	-	20,576
Conferences and events	-	1,695	22,143	23,838	6,656	-	30,494
Travel	-	3,198	10,908	14,106	-	-	14,106
Program development	-	-	4,612	4,612	-	-	4,612
Fees, dues, software and subscriptions	-	2,667	-	2,667	9,362	1,436	13,465
Equipment leasing, maintenance	-	14,679	-	14,679	7,067	1,371	23,117
Interest	7,684	-	-	7,684	6,086	-	13,770
Other program costs	-	-	-	-	1,688	3,383	5,071
Real estate taxes	45,873	-	-	45,873	-	-	45,873
Other building costs	30,375	2,192	-	32,567	5,209	1,011	38,787
Depreciation and amortization	74,255	-	-	74,255	754	-	75,009
<b>Totals:</b>	\$ 511,242	\$ 780,991	\$ 150,650	\$ 1,442,883	\$ 142,021	\$ 22,499	\$ 1,607,403

The accompanying notes are an integral part of these financial statements

**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**Note 1 – Nature of Organization and Significant Accounting Policies**

**Nature of Activities**

Rockaway Development and Revitalization Corporation (the Organization ) is a not-for-profit community based organization dedicated to providing an array of community initiatives and programs to improve and develop economic, social and educational opportunities and therefore improve quality of life of the residents, schools and businesses of the Rockaway Peninsula of Queens County in the City of New York.

Programs include related school based and community center initiatives, workforce training and development, economic improvement and development and programs and initiatives to support real estate development, affordable housing and business revitalization.

Funding consists primarily of Federal pass-through, State, City and affiliated organization government grants, plus foundation and corporate grants.

**Income Tax Status and Uncertain Tax Positions**

The Organization was founded and established under the New York State Not-for-profit Corporation Law. The Organization is a tax-exempt corporation under Section 501(c) (3) of the Internal Revenue Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Significant accounting policies followed by the Organization in the preparation of its financial statements are presented below:

**Basis of Accounting**

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. All of the Organization's revenue is derived from direct public or government sources. Net assets and changes in net assets are classified based on sponsor or donor-imposed restrictions.



**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**Note 1 – Nature of Organization and Significant Accounting Policies (Continued)**

**Support and Expenses**

Contracts, grants, other funds received are measured at their fair values and are reported as grant exchange transactions or an increase in donor restricted net assets, depending on the existence and/or nature of any restrictions. The Organization reports contracts, grants, gifts of cash and other funds as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets, are not contractual exchange transactions and designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to and reported in the statement of activities.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**Cash and Cash Equivalents**

Cash and cash equivalents primarily consist of interest and non-interest bearing demand deposit and savings accounts and money market accounts.

**Fixed Assets and Depreciation**

Equipment is acquired under restrictive grant funding provisions or with general administrative funds. All equipment acquired under grantor restrictions is primarily the property of the grantor and is retained by the Organization with the requirement that all equipment acquired be utilized in the performance of the project or related activity.

Administrative equipment, under a capitalization policy of above \$ 2,500, is capitalized. It is stated at cost or, if donated, at the approximate fair market value at the date of contribution. The cost is depreciated and amortized over the useful lives of the assets.

Initial sponsor funded investments made in development properties were recorded at cost and correspondingly, as donor restricted net assets. When finally renovated and developed, the properties are to be returned to the active business community infrastructure. Annual building maintenance and operating costs are expended accordingly as operational expenses. Building improvements are capitalized and depreciated accordingly.

**Unexpended Project Advances**

Advances received to fund projects' expenditures to be made in a subsequent period are deferred, and revenue will be recognized during the period in which the expenses are incurred.



**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**

**Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**Note 1 – Nature of Organization and Significant Accounting Policies (Continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Donated Services and Goods**

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Organization receives significant amounts of donated services for general program activity from community members and are not recognized in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles.

**Note 2 - Grants Receivable**

Rockaway Development and Revitalization Corporation has grants receivable funds due for agreements with government and non-government organizations.

At June 30, 2020 grants receivable were as follows:

City of New York - Department of Youth and Community Development	\$ 115,914
Council for Airport Opportunities	43,172
City of New York - Department of Small Business Services	91,073
City of New York Economic Development Corporation – pass thru	<u>41,000</u>

Total:	\$ <u>291,159</u>
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**Note 3 - Unexpended and Refundable Advances**

There were no unexpended grant advances for committed grants and contracts received at June 30, 2020.



**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**Note 4 – Community Office Building**

During the fiscal year ended June 30, 2001 the Organization acquired an office building on Mott Avenue in Far Rockaway, NY to be refurbished and developed into a Community Office Building. The intent of the initiative is to provide affordable, stable office and business incubator space for local community economic, employment and business development. During the prior fiscal years further development of the building had been delayed pending refinancing and additional funding alternatives, necessitated by Superstorm Sandy damage. Insurance claims were received for building damage incurred from the effects of the storm allowing renovations to restart and proceed.

Background:

Initial funding for acquisition was provided by a \$ 300,000 grant from the US Department of Housing and Urban Development and a combination of unrecoverable and recoverable grants from Deutsche Bank of \$ 150,000. The recoverable grant component of \$ 75,000 was repaid in \$ 25,000 installments during fiscal years ended June 2003, 2004 and 2005. Additionally a seller financed mortgage in the amount of \$ 250,000 was secured.

During the Fiscal Year Ended June 30, 2016 a grant from the State of New York under social services and economic development was committed. During the Fiscal Year Ended June 30, 2016 a total of \$ 100,687 had been recorded and recognized.

Construction Loan # 1

At June 30, 2009 the Organization entered into a financing agreement with JP Morgan Chase Bank to settle the initial mortgage obligation and to provide funding for additional construction. During the Fiscal Year Ended June 30, 2010 the note was converted to an amortizable based term note with a 20 year repayment basis.

Construction Loan # 2

During the Fiscal Year Ended June 30, 2017 the Organization entered into a construction financing agreement with JP Morgan Chase Bank to provide funding for additional construction and finalization of the project. A total commitment of \$ 1,715,000 was approved.

At the June 30, 2020 year end a total of \$ 2,347,687 has been expended including \$ 17,300 in capitalized costs on the project during the Fiscal Year Ended June 30, 2020, including capitalized interest. Total building depreciation recorded in the current year ended was \$ 74,255.

Appraisal

As part of the Construction Loan #2 closing, during the Fiscal Year Ended June 30, 2017, an appraisal report on the expected valuation of the completed building was performed. The report set as the *Prospective Value As Compete and Stabilized* as \$ 2,200,000. The Organization expects to perform an updated valuation in the subsequent fiscal year in conjunction with loan refinancing negotiations.



**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**Note 4 – Community Office Building-continued**

Grants

Prior to the Fiscal Year Ended June 30, 2020 revitalization grants for the community office building project totaling \$ 800,000 under the New York State Technology and Development Program of the Dormitory Authority State of New York were finalized and received.

**Note 5 - Lease Commitments**

Program Offices

Rockaway Development and Revitalization Corporation leases its primary program and office space in Far Rockaway, New York. The leases were renewed during the Fiscal Year Ended June 30, 2019. The leases were renewed for the period December 1, 2018 thru November 30, 2020. Monthly base rental at year end is \$ 5,110. During the Fiscal Year Ended June 30, 2020 a total of \$ 85,992 in rental plus escalation charges for changes in real estate taxes and other operating costs were incurred under the leases.

The following summarizes the minimum rental payments on these leases:

Due during the Fiscal Year Ended June 30, 2021	\$ 61,320
Due during the Fiscal Year Ended June 30, 2022	25,550

Program Equipment

The Organization leases certain office equipment for use in the performance of government and non-government sponsored grants. Equipment is leased under restrictive funding provisions of the projects. Leased equipment is required to be utilized in the performance of the contract or after its completion in a subsequent affiliated program. The leased equipment costs are expensed when incurred under grant provisions and no depreciation is recorded thereon.

**Note 6 – Line of Credit Payable**

The Organization maintains an operating line of credit with JP Morgan Chase Bank with a limit of \$ 100,000. During the Fiscal Year Ended June 30, 2020 a total of \$ -0- was drawn on the line of credit and a total of \$ 505 repaid. The balance at June 30, 2020 of \$ 94,372 carried an interest rate of 4.75%.



**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**Note 7 – Loan Payable**

Construction Loan

As part of the acquisition of the Community Office Building the Organization entered into a deferred mortgage agreement with the seller to hold a mortgage note for \$ 250,000. The note had a rate of 9% interest deferred until November 28, 2003, when a principal payment of \$ 30,000 was made. The remaining balance at June 30, 2008 was \$ 190,000. As part of the JP Morgan Chase Bank financing agreement the remaining balance and capitalized interest of \$ 165,075 was paid to the lender.

The JP Morgan Chase Bank loan funds drawn at June 30, 2009 totaled \$ 407,463. Interest only payments are made. In May 2010 the note was converted to an amortizable term note with a 20 year repayment amortization period and a balloon provision at the ten year period.

At the Fiscal Year Ended June 30, 2020 the balloon status is due. The accumulated balance due of \$ 271,639 includes principal of \$ 266,218 plus accumulated fees and interest. The Organization is in negotiation with JP Morgan Chase Bank to renew the loan agreement and extend the term. Through the subsequent period negotiations have continued and are expected to conclude before the end of the subsequent fiscal year. Re-appraisal of the property is also part of the process and has contributed to the delay, along with the general economic slowdown caused by the Covid-19 pandemic.

**Note 8 – Paycheck Protection Program Advance**

On May 16, 2020 the Organization secured an advance totaling \$ 157,556 under the Paycheck Protection Program established under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The advance is administered thru a bank loan, secured and managed by the US Small Business Administration. The loan is expected, under the program conversion rules, to be converted into a forgivable grant-loan at the conclusion of the required report and filing period, by meeting the identified costs provisions of the rules. The grant revenue recognition is expected by management and accordingly the advance funds are recorded as a refundable advance and not as a loan.

**Note 9 – Donor Restricted Net Assets**

Donor restricted net assets at June 30, 2020 consisted of costs associated with the acquisition and development of the Community Office Building.



**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**Note 10 – Contingencies and Uncertainties**

Substantially all government and foundation grants are subject to financial and compliance audits by the grantor. Disallowances, if any, as a result of these audits may become liabilities of the Organization. Management believes that no material disallowance will result from audits by grantors.

The Organization has committed considerable time and costs to the Community Office Building project. It had incurred significant collateralized debt in the project, requiring ready cash to service the debt. Subsequent project grants, other outside funding and loan negotiations are material to the successful completion of the project and meeting the cash flow needs. Management expects a positive outcome.

**Note 11 – Grants Government**

The majority of the Organization's funding is received through contractual agreements with the City of New York, State of New York and its agencies, with the majority of funding from the Department of Youth and Community Development (DYCD). Funding is primarily annual renewal or original agreements with state and city governmental agencies or entities, and they are subject to the competitive funding process and budgetary appropriations. Funding supports the majority of personnel operations of the Organization. Severe reduction or elimination of funding could jeopardize administrative operations of the organization.

**Note 12 – Subsequent Events**

Additional subsequent events were evaluated through January 22, 2021, which is the date the financial statements were available to be issued.

**Note 13 - Functional Expenses**

The costs of providing various programs and specific areas of activities have been summarized on a functional basis in the Statement of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and activities. Management and general expenses include those expenses that are not directly identifiable with any specific program or activity but provide for the overall support and direction of the Organization.

**ROCKAWAY DEVELOPMENT AND REVITALIZATION CORPORATION**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**Note 14 – State of New York Division for Housing and Community Renewal Neighborhood Preservation Program Funds Received**

The fiscal year ended June 30, 2020 the Organization received and expended the following Neighborhood Preservation Program sourced funds in the Housing Programs:

Personnel	\$	62,432
Payroll taxes and fringe benefits		13,970
Occupancy		9,072
Accounting		2,000
Conferences and meetings		210
Travel		425
Program materials and supplies		<u>562</u>
Total:	\$	<u>88,671</u>

**Note 15 – Liquidity and Availability of Financial Assets – Operating Funds**

The Organization has no donor restricted net assets that would reduce the availability of financial assets that would be available for general expenditures within one year of June 30, 2020. The financial assets of the Organization consist of:

Cash held in bank accounts	\$	268,328
Sponsored programs receivable		<u>291,159</u>
Total:	\$	<u>559,487</u>

There were no board designations of net assets at June 30, 2020. The Organization is primarily supported by cost reimbursement and performance deliverable contracts and grants. Contracts and grants are generally invoiced monthly for reimbursement or performance deliverables.