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**OPEN SPACE ALLIANCE FOR NORTH  
BROOKLYN, INC. AND AFFILIATE**

Audited Financial Statements

December 31, 2012

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Open Space Alliance for North Brooklyn, Inc. and Affiliate

We have audited the accompanying combined statements of Open Space Alliance for North Brooklyn, Inc. and Affiliate (collectively, "the Organization"), which comprise of the statement of financial position as of December 31, 2012, and the related combined 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 of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined 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 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

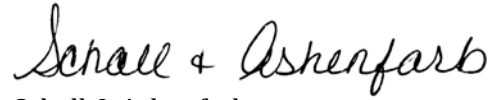
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Open Space Alliance for North Brooklyn, Inc. and Affiliate as of December 31, 2012, 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 of Summarized Comparative Information**

We have previously audited the Organization's 2011 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 22, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb  
Certified Public Accountants, LLC

April 22, 2013

**OPEN SPACE ALLIANCE FOR NORTH BROOKLYN, INC. AND AFFILIATE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2012**

(With comparative totals for December 31, 2011)

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 2d and 2e)	\$477,745	\$340,290
Contributions receivable (Note 2f)	13,000	39,450
Prepaid expenses and other assets	0	35,227
Fixed assets, net (Notes 2g and 3)	<u>203</u>	<u>811</u>
 Total assets	 <u><u>\$490,948</u></u>	 <u><u>\$415,778</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$20,560	\$121,142
Security deposit payable	<u>10,000</u>	<u>0</u>
Total liabilities	<u><u>30,560</u></u>	<u><u>121,142</u></u>
Net assets: (Note 2b)		
Unrestricted	320,343	171,000
Temporarily restricted (Note 4)	<u>140,045</u>	<u>123,636</u>
Total net assets	<u><u>460,388</u></u>	<u><u>294,636</u></u>
 Total liabilities and net assets	 <u><u>\$490,948</u></u>	 <u><u>\$415,778</u></u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**OPEN SPACE ALLIANCE FOR NORTH BROOKLYN, INC. AND AFFILIATE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
(With comparative totals for the year ended December 31, 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
Public support and revenue:				
Contributions	\$72,876	\$56,468	\$129,344	\$455,872
Government grants			0	21,500
Special events (net of direct expenses)	165,933		165,933	0
Program fees	225,555		225,555	912,604
Concessions revenue	27,620		27,620	454,053
In-kind donations (Note 2h)	22,000		22,000	0
Miscellaneous revenue	12,219		12,219	0
Interest income	174		174	220
Total revenues	<u>526,377</u>	<u>56,468</u>	<u>582,845</u>	<u>1,844,249</u>
Net assets released from restrictions:				
Satisfaction of program and time restrictions	<u>40,059</u>	<u>(40,059)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>566,436</u>	<u>16,409</u>	<u>582,845</u>	<u>1,844,249</u>
Expenses:				
Program services	282,032		282,032	1,697,954
Management and general	80,325		80,325	109,512
Fundraising	54,736		54,736	14,661
Total expenses	<u>417,093</u>	<u>0</u>	<u>417,093</u>	<u>1,822,127</u>
Change in net assets	149,343	16,409	165,752	22,122
Net assets - beginning of year	<u>171,000</u>	<u>123,636</u>	<u>294,636</u>	<u>272,514</u>
Net assets - end of year	<u><u>\$320,343</u></u>	<u><u>\$140,045</u></u>	<u><u>\$460,388</u></u>	<u><u>\$294,636</u></u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**OPEN SPACE ALLIANCE FOR NORTH BROOKLYN, INC. AND AFFILIATE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(With comparative totals for the year ended December 31, 2011)

	Program Services	Supporting Services		Total Supporting Services	Total Expenses 2012	Total Expenses 2011
		Management and General	Fundraising			
Salaries	\$99,862	\$20,916	\$3,348	\$24,264	\$124,126	\$194,048
Payroll taxes and employee benefits	13,024	2,728	437	3,165	16,189	20,901
Professional fees		41,100	37,848	78,948	78,948	30,717
Production equipment	1,488			0	1,488	358,216
Event expenses	14,037		12,267	12,267	26,304	852,260
Park improvements	112,308			0	112,308	239,305
Concessions				0	0	75,796
Office expense	24,936	5,223	836	6,059	30,995	22,699
Travel				0	0	595
Advertising and promotion		2,276		2,276	2,276	6,703
Insurance	16,377	7,474		7,474	23,851	19,659
Depreciation		608		608	608	1,228
<b>Total expenses</b>	<b>\$282,032</b>	<b>\$80,325</b>	<b>\$54,736</b>	<b>\$135,061</b>	<b>\$417,093</b>	<b>\$1,822,127</b>

*The attached notes and auditors' report are an integral part of these financial statements.*

**OPEN SPACE ALLIANCE FOR NORTH BROOKLYN, INC. AND AFFILIATE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(With comparative totals for the year ended December 31, 2011)

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$165,752	\$22,122
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	608	1,228
(Increase)/decrease in assets:		
Contributions receivable	26,450	23,530
Prepaid expenses and other assets	35,227	(1,802)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(100,582)	79,961
Security deposit payable	10,000	0
Total adjustments	(28,297)	102,917
Net cash flows provided by operating activities/ net increase in cash and cash equivalents	137,455	125,039
Cash and cash equivalents - beginning of year	340,290	215,251
Cash and cash equivalents - end of year	\$477,745	\$340,290
Supplemental disclosure of cash flow information:		
Total interest paid - \$0		
Total income taxes paid - \$0		

*The attached notes and auditors' report are an integral part of these financial statements.*

**OPEN SPACE ALLIANCE FOR NORTH BROOKLYN, INC. AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**Note 1 - Organization**

The accompanying financial statements include the combination of Open Space Alliance for North Brooklyn, Inc. (“OSA”) and their affiliate, OSA Presents, Inc. (collectively, “the Organization”). All inter-company transactions have been eliminated.

OSA is a not-for-profit organization which, through fundraising and working with the community, elected officials and the New York City Parks Department, furthers the restoration and preservation of the existing parks as well as the development of new parks in the Greenpoint/Williamsburg communities, weaving these several green spaces into a tapestry of parks as a resource for the people of New York City.

OSA Presents, Inc. was formed in April, 2009 by certain members of the board of directors of OSA. As a not-for-profit entity, OSA Presents, Inc. was formed primarily to organize, produce and plan events to raise money for the acquisition, maintenance and improvement of open space lands as they currently exist or become available in the Greenpoint/Williamsburg community in order to expand and enhance the parkland and public space.

Both organizations have common management. OSA and OSA Presents, Inc. are both exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. Neither organization has been designated as a private foundation.

**Note 2 - Summary of Significant Accounting Policies**

a. Basis of Accounting

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid. All significant receivables, payables and other liabilities have been recorded.

b. Basis of Presentation

The Organization reports information regarding their financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor imposed restrictions.
- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the assets restriction, either due to a program nature or by passage of time. See Note 4.
- *Permanently restricted* – relates to contributions of cash and other assets whereby the assets must remain intact due to restrictions placed by the donor. There was no permanently restricted activity or net assets at December 31, 2012.



c. Contributions

Contributions received with restrictions from the donor have been reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. However, 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.

d. Cash and Cash Equivalents

For the purposes of financial reporting, any financial instrument with a maturity of three months or less is considered cash and cash equivalent. Included in cash equivalents is cash held in banks and money market funds.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash and money market accounts which have been placed with financial institutions that management deems to be creditworthy. From time to time and at year-end, the Organization's balances were in excess of insurance levels by material amounts. However, the Organization has not experienced any losses due to bank failure.

f. Contributions Receivable

Pledges receivable are recognized in the period an unconditional promise is received at net realizable value if expected to be received in less than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All pledges receivable at year-end are due within one year.

The Organization assesses whether there are any doubtful accounts based on its historical loss experience considering the age of the receivables. The Organization has deemed that no allowance for doubtful accounts is necessary as of December 31, 2012. Uncollectable pledges will be expensed when all reasonable collection efforts have been exhausted.

g. Fixed Assets

Property and equipment that exceed predetermined thresholds and have a useful life greater than one year are capitalized at cost or at their fair market values at the dates of donation. Fixed assets are depreciated using the straight-line method over the estimated useful lives of the assets, which is typically three years.

h. Donated Services

The Organization records contributed services received if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and typically would have been purchased if they had not been donated. During the year, \$22,000 of in-kind legal services has been recognized.

A substantial amount of management, administrative and fundraising duties are performed voluntarily by the board of directors. Those services have not been recorded because they did not meet the criteria outlined above.

- i. Management Estimates  
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.
- j. Expense Allocation  
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.
- k. Comparative Financial Information  
The financial statements 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.
- l. Accounting for Uncertainty of Income Taxes  
The Organization does not believe its financial statements include any uncertain tax positions. Tax filings for the periods ending December 31, 2009 and later are subject to examination by applicable taxing authorities.
- m. Subsequent Events  
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through April 22, 2013, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

**Note 3 - Fixed Assets**

At December 31, 2012, the Organization had the following fixed assets:

Computer equipment	\$5,071
Less: accumulated depreciation	<u>(4,868)</u>
	<u>\$203</u>

**Note 4 - Temporarily Restricted Net Assets**

The following schedule summarizes temporarily restricted net assets:

	Balance <u>1/1/12</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/12</u>
Program restricted:				
India Street Park	\$3,057	\$0	\$0	\$3,057
Allocoo	60,000	0	0	60,000
McCarren Tennis	13,245	11,625	(13,914)	10,956
Track Group	4,334	1,400	(505)	5,229
Newtown Creek (Gardner)	25,000	0	(7,441)	17,559
9/11 Plaques	13,000	0	0	13,000
Brooklyn Boat Club	0	11,822	(485)	11,337
McCarren Park Pool	0	20,000	(7,300)	12,700
Friends of Newtown Creek	0	5,450	(2,901)	2,549
McGolrich Park	0	2,465	(746)	1,719
Cooper Park Fencing Project	0	1,822	(524)	1,298
BTL	0	1,860	(1,243)	617
Bushwick Inlet Park	0	24	0	24
Other programs	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>	<u>0</u>
Total	<u>\$123,636</u>	<u>\$56,468</u>	<u>(\$40,059)</u>	<u>\$140,045</u>

**Note 5 - License Agreement**

In May, 2008, the Organization and the New York City Department of Parks & Recreation (“Parks”) entered into a license agreement whereby the Organization will promote and assist in the restoration, preservation, maintenance, programming, operations and improvement of properties under the jurisdiction of Parks or otherwise maintained by Parks in the Brooklyn Community Board 1 area of Greenpoint/Williamsburg. This area was recently rezoned by the New York City Council with a Waterfront Access Plan that envisions the creation of approximately 28 acres of new parks and a two-mile waterfront esplanade, as may be updated and amended from time to time. The license agreement expires in May 2013.

**Note 6 - Commitment and Contingencies**

In the normal course of business, the Organization may be involved in proceedings, lawsuits and other claims. These matters are subject to many uncertainties, and outcomes are not predictable with a high degree of assurance. Consequently, the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of December 31, 2012 cannot be ascertained. Management believes that the final outcome of any such matters will not have a material impact on the financial statements of the Organization.