SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

JUNE 30, 2024 AND 2023

Skody Scot & Company, CPAs, P.C.

SOHO BROADWAY DISTRICT
MANAGEMENT ASSOCIATION, INC.

Index

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
SoHo Broadway District Management Association, Inc.

Opinion

We have audited the financial statements of SoHo Broadway District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of SoHo Broadway District Management Association, Inc. as of June 30, 2024 and 2023, and the changes in its net assets 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 Soho Broadway District Management 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 the 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 SoHo Broadway District Management Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 could reasonably be expected to influence the judgment made by a reasonable user based on these 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 SoHo Broadway District Management 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 SoHo Broadway District Management 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.

Skody Scot & Company, CPAS, P.C.

New York, NY
January 8, 2025

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash	$ 350,754	$ 406,877
Certificate of deposit	356,692	-
Government grants and other receivables	96,000	127,421
Prepaid expenses	12,119	7,941
Property and equipment, net	4,322	6,795
Right of use assets - operating leases	113,809	166,459
Security deposit	8,000	8,000
Total assets	$ 941,696	$ 723,493
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 51,462	$ 80,774
Lease liabilities - operating leases	119,868	172,817
Total liabilities	171,330	253,591
Net Assets:		
Without donor restrictions	770,366	469,902
With donor restrictions	-	-
Total net assets	770,366	469,902
Total liabilities and net assets	$ 941,696	$ 723,493

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	$ 900,000	$ 900,000
Contributions	36,650	16,300
Program service revenue	141,617	45,908
Government grants	29,000	42,000
Interest and other income	8,461	75
Total support and revenues	1,115,728	1,004,283
Expenses:		
Program Expenses:		
Sanitation	400,352	477,006
Community development	137,915	288,095
Public safety	21,080	90,001
Total program expenses	559,347	855,102
Management and general	255,917	244,881
Total expenses	815,264	1,099,983
Increase/(decrease) in net assets	300,464	(95,700)
Net assets, beginning of year	469,902	565,602
Net assets, end of year	$ 770,366	$ 469,902

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Expenses				Supporting Services	
	Sanitation	Community Development	Public Safety	Total Program Expenses	Management and General	Total Expenses
Staff salaries	$ 33,379	$ 59,990	$ 16,765	$ 110,134	$ 107,259	$ 217,393
Payroll taxes and benefits	8,592	15,442	4,315	28,349	27,957	56,306
Bad debt	-	-	-	-	1,235	1,235
Community affairs and beautification	-	36,160	-	36,160	-	36,160
Consultants and outside contractors	355,995	6,125	-	362,120	11,544	373,664
Depreciation	-	-	-	-	2,473	2,473
Information technology	-	-	-	-	12,494	12,494
Insurance	-	-	-	-	6,130	6,130
Occupancy	-	-	-	-	55,581	55,581
Office supplies and expenses	-	-	-	-	10,950	10,950
Professional development	-	-	-	-	2,571	2,571
Professional fees	-	-	-	-	10,525	10,525
Program supplies	2,386	-	-	2,386	-	2,386
Sponsorship expenses	-	20,198	-	20,198	-	20,198
Telephone and communications	-	-	-	-	3,965	3,965
Travel and meetings	-	-	-	-	3,233	3,233
Total expenses	$ 400,352	$ 137,915	$ 21,080	$ 559,347	$ 255,917	$ 815,264

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Expenses				Supporting Services	
	Sanitation	Community Development	Public Safety	Total Program Expenses	Management and General	Total Expenses
Staff salaries	$ 70,063	$ 145,124	$ 70,063	$ 285,250	$ 50,871	$ 336,121
Payroll taxes and benefits	19,938	41,300	19,938	81,176	25,039	106,215
Community affairs and beautification	-	64,319	-	64,319	-	64,319
Consultants and outside contractors	315,011	21,830	-	336,841	7,090	343,931
Depreciation	-	-	-	-	2,955	2,955
Information technology	-	-	-	-	12,508	12,508
Insurance	-	-	-	-	5,916	5,916
Occupancy	-	-	-	-	64,766	64,766
Office supplies and expenses	-	-	-	-	9,884	9,884
Professional development	-	-	-	-	5,940	5,940
Professional fees	-	-	-	-	50,036	50,036
Program supplies	71,994	-	-	71,994	-	71,994
Sponsorship expenses	-	15,522	-	15,522	-	15,522
Telephone and communications	-	-	-	-	6,075	6,075
Travel and meetings	-	-	-	-	3,801	3,801
Total expenses	$ 477,006	$ 288,095	$ 90,001	$ 855,102	$ 244,881	$ 1,099,983

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Increase/(decrease) in net assets	$ 300,464	$ (95,700)
Adjustments for non-cash items included in operating activities:		
Bad debt	1,235	-
Depreciation	2,473	2,955
Amortization of right of use assets	52,650	55,021
Accretion of lease liabilities	7,199	9,737
Accrued interest on certificate of deposit	(6,692)	-
(Increases)/decreases in assets:		
Government grants and other receivables	30,186	(42,408)
Prepaid expenses	(4,178)	10,786
Increases/(decreases) in liabilities:		
Accounts payable and accrued expenses	(29,312)	25,968
Payment of operating leases	(60,148)	(58,400)
Net cash provided/(used) by operating activities	293,877	(92,041)
Cash flows from investing activities:		
Certificates of deposit redemption	100,000	-
Certificates of deposit purchases	(450,000)	-
Net cash provided/(used) by investing activities	(350,000)	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	(56,123)	(92,041)
Cash, beginning of year	406,877	498,918
Cash, end of year	$ 350,754	$ 406,877

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT
MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Association

SoHo Broadway District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on May 19, 2014. The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Association does not believe its financial statements contain any uncertain tax positions. The Association primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the SoHo Broadway Business Improvement District (District) and from program service revenue. The District's boundaries are approximately Broadway between Houston Street and Canal Street.

The Association's programs include the following: Sanitation – maintaining clean streets/curbs and removing garbage; Community Development – using advocacy, planning, resource development, communications, community events and other activities to improve the District; and Public Safety – addressing uses of public spaces with a focus on uses that create sidewalk congestion and working with the City to allocate resources to improve public safety and sidewalk congestion issues in the District.

Basis of Accounting

The financial statements of the Association have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Certificate of Deposit

The Association reports investments in certificates of deposit with an original maturity to the Association at the date of purchase of greater than three months at cost, which approximates fair market value. Investments carried at cost are not required to be classified in one of the levels prescribed by the US GAAP fair value hierarchy. The certificate of deposit balance includes accrued interest.

Property and Equipment

The Association capitalizes certain property and equipment with estimated lives of two years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of equipment and furniture is computed by the straight-line method over estimated useful lives ranging from three to five years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

Government grant receivables are reported at their net realizable value. Government grant receivables expected to be collected in future years are recorded at the present value of estimated future cash flows. Uncollectable pledges are written off in the period in which the pledge is determined uncollectable. All of the Association's government grant receivables balances are from the City. The City is behind in its processing of grants, so a definitive payment date has not been provided. As of June 30, 2024 and 2023, all government grant receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

Revenue Recognition

The real estate assessment levied by the City is recognized by the Association ratably throughout the year. The City remits these assessments to the Association in two installments (July and January) during the fiscal year and each payment covers the successive six-month periods. Assessment billing errors are recorded as a direct reduction of assessment revenue. Any significant discrepancies due to changes in total amounts assessed are recorded as receivables in the statements of financial position.

The Association recognizes contributions when cash and other financial assets, nonfinancial assets/services, or unconditional promises to give are received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as refundable advances in the statements of financial position. As of June 30, 2024 and 2023, the Association did not have any conditional pledges that were not recognized.

All contributions are considered available for the Association's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Association receives grants from governmental entities. The government grants recognized by the Association are discretionary grants to enhance its existing programs, and do not require certain allowable expenditures to be incurred or program goals or milestones to be met. Revenue from the government grants is recognized in the period that the government entity pledges the amount.

Program service revenue relates to program services and consists of banner sponsorships. The Association's banner sponsorship revenue is recognized ratably over the contract term. Prices for the banner sponsorship revenue are based on the standalone prices, and payments are due at the beginning of the contract term. Any revenue received which has not been earned is recorded as deferred income.

Note 1 - Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Association allocates salaries and related costs based on estimated time and effort. The Association classifies expenses which are not directly related to a specific program as management and general expenses.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

Leases

The Association entered into noncancelable operating lease agreements for office and storage space to obtain right of use (ROU) assets. Each lease liability and ROU asset represents its lease obligations and rights to use the leased assets over the period of the lease and are recognized at the lease commencement dates. The lease payments are discounted using a rate determined when the lease is recognized. Since the Association's leases do not provide a stated rate, the Association uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The related operating lease ROU assets may differ from the operating lease liabilities due to deferred or prepaid lease payments and lease incentives. The ROU assets are amortized over the lease term. The Association has elected to apply the short-term lease exception to all leases with a term of one year or less.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 2 - Property and Equipment

Property and equipment by major class consists of the following at June 30, 2024 and 2023:

	2024	2023
Equipment	$ 15,087	$ 15,087
Furniture	5,329	5,329
Less: accumulated depreciation	(16,094)	(13,621)
	$ 4,322	$ 6,795

Note 3 - Leases and Related Party

The Association leases office and storage space under two noncancelable operating leases from an entity that has representation on its board of directors. The noncancelable operating leases are set to expire on June 30, 2026. As of June 30, 2024, the minimum aggregate annual rental commitments for the leases are as follows:

Year ended June 30, 2025	$ 61,948
2026	63,807
Total lease payments	125,755
Less: imputed interest (5%)	(5,887)
Present value of lease liabilities	$ 119,868

For each of the years ended June 30, 2024 and 2023, the components of the Association's noncancelable operating lease costs of $59,938 are included in occupancy under the management and general function in the statements of activities and expenses. During the year ended June 30, 2024, the Organization received rent credits totaling $5,092 from a sanitation contractor for one of the leased spaces, which are netted against the operating lease costs in occupancy.

Lease payments to the related party for the years ended June 30, 2024 and 2023, were $65,305 and $61,572 respectively.

Note 4 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during the years ended June 30, 2024 and 2023, was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended June 30, 2024 and 2023, is as follows:

	2024	2023
Banner sponsorships	$ 141,617	$ 45,908

Note 5 - Government Grants

During the years ended June 30, 2024 and 2023, the Association was awarded grants by the City. Total revenue recognized from the grants during the years ended June 30, 2024 and 2023, amounted to $29,000 and $42,000, respectively.

Note 6 - Concentrations

The Association maintains its bank accounts and certificate of deposit with a major financial institution. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to $250,000 per financial institution. At times, the balances of the accounts have exceeded the insured limits during the years ended June 30, 2024 and 2023.

Note 7 - Liquidity and Availability of Financial Assets

The Association regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Association's financial assets, as of June 30, 2024 and 2023, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2024	2023
Financial assets:		
Cash	$ 350,754	$ 406,877
Certificate of deposit	356,692	-
Receivables	96,000	127,421
Total financial assets	803,446	534,298
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	$ 803,446	$ 534,298

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through January 8, 2025, which is the date the financial statements were available to be issued. Effective September 1, 2024, the Association adopted a qualified cash or deferred compensation plan under section 401(k) of the Internal Revenue Code (IRC). Under the plan, employees may elect to defer up to twenty percent (20%) of their salary, subject to IRC limits. All employees age 21 or over who have completed three consecutive months of employment with the Association are eligible to participate in the plan. The Association is required to make matching contributions up to 3% of the plan participants' eligible compensation.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of
SoHo Broadway District Management Association, Inc.

We have audited the financial statements of SoHo Broadway District Management Association, Inc. as of and for the years ended June 30, 2024 and 2023, and have issued our report thereon dated January 8, 2025, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses and budget is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Skody Scot & Company, CPAs, PC

New York, NY
January 8, 2025

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2024

	Total Expenses	Budget
Staff salaries	$ 217,393	$ 333,060
Payroll taxes and benefits	56,306	122,524
Bad debt	1,235	-
Community affairs and beautification	36,160	87,600
Consultants and outside contractors	373,664	386,343
Depreciation	2,473	2,000
Information technology	12,494	11,336
Insurance	6,130	6,230
Occupancy	55,581	59,421
Office supplies and expenses	10,950	14,468
Professional development	2,571	1,500
Professional fees	10,525	26,906
Program supplies	2,386	7,000
Sponsorship expenses	20,198	6,000
Telephone and communications	3,965	6,013
Travel and meetings	3,233	8,100
Total expenses	$ 815,264	$ 1,078,501