

**SOHO BROADWAY DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2016 AND 2015

**SOHO BROADWAY DISTRICT
MANAGEMENT ASSOCIATION, INC.**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of SoHo Broadway District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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, 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 financial statements.

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

Opinion

In our opinion, the 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, 2016 and 2015, 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.

Skody Scot & Company, CPAs, P.C.

New York, NY
November 6, 2016

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash	\$ 214,706	\$ 162,178
Government grants receivable	10,000	12,627
Prepaid expenses	10,982	2,843
Property and equipment, net	12,274	10,524
Organizational costs, net	53,893	107,785
Total assets	\$ 301,855	\$ 295,957

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 46,487	\$ 46,405
Due to property owners	-	12,700
Total liabilities	46,487	59,105
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	255,368	236,852
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets	255,368	236,852
Total liabilities and net assets	\$ 301,855	\$ 295,957

See accompanying notes to financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Support and Revenues:		
Unrestricted:		
Assessment revenue	\$ 550,000	\$ 550,000
Contributions	8,617	57,875
Contributions in-kind	14,680	14,680
Government grants	10,000	12,627
Interest income	40	30
Total support and revenues	583,337	635,212
 Expenses:		
Program Expenses:		
Sanitation	250,299	195,721
Advocacy and communications	84,016	48,380
Public safety	67,840	-
Total program expenses	402,155	244,101
Management and general	162,666	154,301
Total expenses	564,821	398,402
 Increase/(Decrease) In Net Assets:		
Unrestricted	18,516	236,810
Temporarily restricted	-	-
Permanently restricted	-	-
Increase/(decrease) in net assets	18,516	236,810
 Net assets, beginning of year	236,852	42
Net assets, end of year	\$ 255,368	\$ 236,852

See accompanying notes to financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 18,516	\$ 236,810
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	58,406	56,787
Forgiven property owner loans	(8,617)	(57,875)
Changes in assets and liabilities:		
Accounts payable and accrued expenses	82	46,405
Government grants receivable	2,627	(12,627)
Prepaid expenses	(8,139)	(2,843)
Net cash provided/(used) by operating activities	<u>62,875</u>	<u>266,657</u>
 Cash flows from investing activities:		
Purchase of property and equipment	(6,264)	(13,419)
Organizational costs	-	(158,502)
Net cash provided/(used) by investing activities	<u>(6,264)</u>	<u>(171,921)</u>
 Cash flows from financing activities:		
Repayments to property owners	(4,083)	(81,350)
Net cash provided/(used) by financing activities	<u>(4,083)</u>	<u>(81,350)</u>
 Net increase/(decrease) in cash	52,528	13,386
Cash at beginning of year	162,178	148,792
Cash at end of year	<u>\$ 214,706</u>	<u>\$ 162,178</u>

See accompanying notes to 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 (BID). The BID's boundaries are approximately Broadway between Houston Street and Canal Street.

The Association's programs include the following: Sanitation – maintaining clean streets/curbs and garbage removal; Advocacy and Communications – engaging with government officials to address issues facing the SoHo Broadway community and informing community members of the latest organization and community activities; and Public Safety – addressing uses of public spaces with a focus on uses that create sidewalk congestion and working with the City of New York to allocate resources to improve public safety and sidewalk congestion issues along the Corridor.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In accordance with GAAP the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association is required to present a statement of cash flows.

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.

Property and Equipment

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Organizational Costs

The Association capitalized certain costs relating to its initial organization and start-up. Organizational costs are stated at cost, less accumulated amortization. Amortization of organizational costs is computed by the straight-line method over three years.

Cash and Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Association considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposits and treasury bills, with an original maturity of three months or less. At June 30, 2016 and 2015, the Association did not have any resources that were considered cash equivalents.

Revenue Recognition

The real estate assessment levied by the City is recorded by the Association when earned. The City remits these assessments to the Association in two installments. An allowance for doubtful accounts is not provided because all assessments are received in the current year. Assessment billing errors are recorded as a direct reduction of assessment revenue.

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 by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Association received a grant from a governmental agency. In accordance with grant provisions, grants are recorded as revenue when earned, either through expenditure or accomplishment of a specific goal or benchmark. All unreimbursed expenses as of the period-end are recorded as grant receivable and all advanced funds not expended are recorded as refundable advances or deferred income.

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

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 schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Association allocates salaries based on estimated time and other expenses are allocated based on usage. The Association classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Note 2 - Property, Equipment and Organizational Costs

Property, equipment and organizational costs by major class consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 4,333	\$ 1,587
GIS base map	15,350	11,832
Organizational costs	<u>161,677</u>	<u>161,677</u>
	181,360	175,096
Less: Accumulated depreciation and amortization	<u>(115,193)</u>	<u>(56,787)</u>
	<u>\$ 66,167</u>	<u>\$ 118,309</u>

Note 3 - Commitments and Contingencies

The Association maintains its financial accounts with major institutions. Institutional balances did not exceed the Federal Deposit Insurance Corporation insurance coverage as of the years ended June 30, 2016 and 2015.

Note 4 - Due to Property Owners

During the organization phase of the Association, property owners within the BID loaned the Association a total of \$151,925. The unsecured loans have no specific repayment terms and do not bear interest. During the years ended June 30, 2016 and 2015, a number of property owners decided to forgive a portion of their loans to the Association. The forgiven loans amounted to \$8,617 and \$57,875 during the years ended June 30, 2016 and 2015, respectively, and are recorded as contributions in the statements of activities. During the years ended June 30, 2016 and 2015, the Association repaid a total of \$4,083 and \$81,350, respectively, to the property owners. As of June 30, 2016 and 2015, the total outstanding loans that are due to property owners were \$0 and \$12,700, respectively.

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

Note 5 - Contributions In-Kind

Contributions in-kind received are in the form of the free use of facilities. The estimated fair value of these contributions is reported as support and expense in the period in which the services are received. During the years ended June 30, 2016 and 2015, in-kind contributions had a total fair market value of \$14,680 and \$14,680, respectively.

Note 6 - Government Grants

During the years ended June 30, 2016 and 2015, the Organization was awarded grants by The City of New York. Total expenditures under the grants during the years ended June 30, 2016 and 2015 amounted to \$10,000 and \$12,627, respectively.

Note 7 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through November 6, 2016, which is the date the financial statements were available to be issued.



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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, 2016 and 2015, and have issued our report thereon dated November 6, 2016, 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 schedules of functional expenses and expenses and budget are presented for the purpose of additional analysis and are 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
November 6, 2016

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR 2015

	2016					2015	
	Program Expenses			Total Program Expenses	Supporting Services		Total Expenses
	Sanitation	Advocacy and Communication	Public Safety		Management and General	Total Expenses	
Staff salaries	\$ 23,307	\$ 48,354	\$ 49,692	\$ 121,353	\$ 34,960	\$ 156,313	\$ 87,827
Payroll taxes and benefits	7,105	14,210	15,156	36,471	12,893	49,364	28,673
Consultants	219,887	4,840	-	224,727	6,648	231,375	153,265
Depreciation and amortization	-	-	-	-	58,406	58,406	56,787
Insurance	-	-	-	-	4,464	4,464	2,884
Office supplies and expenses	-	-	-	-	12,889	12,889	10,180
Printing	-	-	-	-	405	405	3,584
Professional fees	-	-	-	-	9,000	9,000	10,000
Program equipment	-	-	-	-	-	-	6,926
Program expenses - other	-	16,612	2,992	19,604	-	19,604	18,930
Rent and utilities	-	-	-	-	8,721	8,721	8,563
Telephone	-	-	-	-	4,617	4,617	1,703
Travel and meetings	-	-	-	-	9,663	9,663	9,080
Total expenses	\$ 250,299	\$ 84,016	\$ 67,840	\$ 402,155	\$ 162,666	\$ 564,821	\$ 398,402

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2016

	<u>Total Expenses</u>	<u>Budget</u>
Staff salaries	\$ 156,313	\$ 117,600
Payroll taxes and benefits	49,364	42,063
Consultants	231,375	251,827
Depreciation and amortization	58,406	10,000
Insurance	4,464	4,266
Office supplies and expenses	12,889	14,254
Printing	405	5,764
Professional fees	9,000	10,000
Program expenses - other	19,604	104,628
Rent and utilities	8,721	3,000
Telephone	4,617	4,155
Travel and meetings	9,663	250
Total expenses	<u>\$ 564,821</u>	<u>\$ 567,807</u>

Note: The large variance in Program expense - other is attributable to hiring a salaried staff person instead of a program service contract.