

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

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2020 AND 2019

**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, 2020 and 2019, and the related statements of activities, expenses, 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, 2020 and 2019, 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
December 2, 2020

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash	\$ 503,804	\$ 234,483
Accounts receivable	-	39,641
Government grants receivable	40,000	40,000
Prepaid expenses	3,567	3,535
Property, equipment and intangibles, net	2,370	1,930
	\$ 549,741	\$ 319,589
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 71,946	\$ 40,018
Total liabilities	71,946	40,018
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	477,795	279,571
With donor restrictions	-	-
	477,795	279,571
Total net assets	477,795	279,571
Total liabilities and net assets	\$ 549,741	\$ 319,589

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Support and Revenues:		
Without donor restrictions:		
Assessments revenue	\$ 900,000	\$ 900,000
Contributions	81,970	365
Contributions in-kind	6,044	15,339
Government grants	40,000	40,000
Interest income	18	14
Total support and revenues	1,028,032	955,718
Expenses:		
Program Expenses:		
Sanitation	395,270	341,294
Community development	171,442	178,203
Public safety	90,902	88,170
Total program expenses	657,614	607,667
Management and general	172,194	132,619
Total expenses	829,808	740,286
Increase/(Decrease) In Net Assets:		
Without donor restrictions	198,224	215,432
With donor restrictions	-	-
Increase/(decrease) in net assets	198,224	215,432
Net assets, beginning of year	279,571	64,139
Net assets, end of year	\$ 477,795	\$ 279,571

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Program Expenses</u>			Total Program Expenses	<u>Supporting</u>	
	Sanitation	Community Development	Public Safety		Management and General	Total Expenses
Staff salaries	\$ 71,545	\$ 120,003	\$ 71,544	\$ 263,092	\$ 44,358	\$ 307,450
Payroll taxes and benefits	19,169	32,152	19,169	70,490	11,984	82,474
Consultants/Outside contractors	280,730	-	-	280,730	6,645	287,375
Depreciation and amortization	-	-	-	-	1,508	1,508
Insurance	-	-	-	-	5,485	5,485
Office supplies and expenses	-	-	-	-	23,281	23,281
Professional fees	-	-	-	-	38,285	38,285
Program expenses - other	-	19,287	189	19,476	-	19,476
Program supplies	23,826	-	-	23,826	-	23,826
Rent and utilities	-	-	-	-	31,515	31,515
Telephone	-	-	-	-	5,594	5,594
Travel and meetings	-	-	-	-	3,539	3,539
Total expenses	\$ 395,270	\$ 171,442	\$ 90,902	\$ 657,614	\$ 172,194	\$ 829,808

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Program Expenses</u>			Total Program Expenses	<u>Supporting</u>	
	Sanitation	Community Development	Public Safety		Management and General	Total Expenses
Staff salaries	\$ 68,508	\$ 106,330	\$ 69,431	\$ 244,269	\$ 42,763	\$ 287,032
Payroll taxes and benefits	17,407	27,630	18,435	63,472	11,219	74,691
Consultants/Outside contractors	255,379	9,081	-	264,460	6,315	270,775
Depreciation and amortization	-	-	-	-	14,084	14,084
Insurance	-	-	-	-	5,665	5,665
Office supplies and expenses	-	-	-	-	10,986	10,986
Professional fees	-	-	-	-	17,500	17,500
Program expenses - other	-	35,162	304	35,466	-	35,466
Rent and utilities	-	-	-	-	15,880	15,880
Telephone	-	-	-	-	5,440	5,440
Travel and meetings	-	-	-	-	2,767	2,767
Total expenses	\$ 341,294	\$ 178,203	\$ 88,170	\$ 607,667	\$ 132,619	\$ 740,286

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 198,224	\$ 215,432
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	1,508	14,084
Changes in assets and liabilities:		
Accounts payable and accrued expenses	31,928	(3,026)
Accounts receivable	39,641	(39,641)
Government grants receivable	-	(25,000)
Prepaid expenses	(32)	(723)
Net cash provided/(used) by operating activities	271,269	161,126
Cash flows from investing activities:		
Purchase of property and equipment	(1,948)	(1,768)
Net cash provided/(used) by investing activities	(1,948)	(1,768)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	269,321	159,358
Cash at beginning of year	234,483	75,125
Cash at end of year	\$ 503,804	\$ 234,483

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 (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; Community Development – using advocacy, planning, resource development, communications, community events and other activities to improve SoHo Broadway; 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.

Change in Accounting Principle

In fiscal year 2020, the Association adopted FASB ASU 2014-09 *Revenue from Contracts with Customers* using the full retrospective approach. As a result, the Association performed an analysis of various provisions of the standard and determined that at this time it does not have any revenue streams that would qualify as a contract with customers as defined in the standard.

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.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectible receivables.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

The Association recognizes contributions when cash, a noncash asset, or an unconditional promise to give is 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 deferred income or refundable advances in the statements of financial position. As of June 30, 2020 and 2019, 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 by the donor are reported as support with donor restrictions and increases in the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Association received grants from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange type grant, all unreimbursed expenses, for approved purposes, as of year-end are recorded as receivables and any unexpended advances are recorded as refundable advances. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

Note 2 - Property, Equipment and Intangibles

Property, equipment and intangible costs by major class consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 8,049	\$ 6,101
GIS base map	15,350	15,350
Organizational costs	161,677	161,677
Website development costs	<u>20,945</u>	<u>20,945</u>
	\$ 206,021	\$ 204,073
Less: Accumulated depreciation and amortization	<u>(203,651)</u>	<u>(202,143)</u>
	<u>\$ 2,370</u>	<u>\$ 1,930</u>

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

Note 3 - 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, 2020 and 2019, in-kind contributions had a total fair market value of \$6,044 and \$15,339, respectively.

Note 4 - Commitments

On November 18, 2020, the Association signed a lease agreement for office space. The noncancellable operating lease commenced on December 1, 2020 and is set to expire on June 30, 2026. Minimum aggregate annual rental commitments for the lease are as follows:

Year ended June 30, 2021	\$ 29,400
2022	51,282
2023	52,822
2024	54,410
2025	56,039
2026	57,718

Note 5 - 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, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 503,804	\$ 234,483
Receivables	<u>40,000</u>	<u>79,641</u>
Total financial assets	543,804	314,124
Less those unavailable for general expenditures within one year	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 543,804</u>	<u>\$ 314,124</u>

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

Note 6 - Government Grants

During the years ended June 30, 2020 and 2019, the Association was awarded grants by The City of New York. Total revenue recognized from the grants during the years ended June 30, 2020 and 2019 amounted to \$40,000 and \$40,000, respectively.

Note 7 - Concentrations

The Association maintains its financial accounts 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 may have exceeded the insured limits during the years ended June 30, 2020 and 2019.

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through December 2, 2020, 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, 2020 and 2019, and have issued our report thereon dated December 2, 2020, 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 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
December 2, 2020

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2020

	<u>Total Expenses</u>	<u>Budget</u>
Staff salaries	\$ 307,450	\$ 306,660
Payroll taxes and benefits	82,474	86,605
Consultants / Outside contractors	287,375	327,731
Depreciation and amortization	1,508	1,500
Insurance	5,485	6,061
Office supplies and expenses	23,281	38,239
Printing	-	-
Professional fees	38,285	30,759
Program expenses - other	19,476	53,381
Program supplies	23,826	22,148
Rent and utilities	31,515	31,867
Telephone	5,594	5,121
Travel and meetings	3,539	5,004
Total expenses	<u>\$ 829,808</u>	<u>\$ 915,076</u>