

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

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2021 AND 2020

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

Index

	<u>Page</u>
Independent Auditors' Report	1
Statements of financial position as of June 30, 2021 and 2020	2
Statements of activities for the years ended June 30, 2021 and 2020	3
Statement of expenses for the year ended June 30, 2021	4
Statement of expenses for the year ended June 30, 2020	5
Statements of cash flows for the years ended June 30, 2021 and 2020	6
Notes to financial statements	7 - 10
 <u>Supplementary Financial Information</u>	
Independent Auditors' Report on Supplementary Information	11
Schedule of expenses and budget for the year ended June 30, 2021	12



Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002

www.skodyscot.com

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, 2021 and 2020, 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, 2021 and 2020, 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 24, 2021

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash	\$ 489,148	\$ 503,804
Contributions receivable	734	-
Government grants receivable	75,000	40,000
Prepaid expenses	5,258	3,567
Property and equipment, net	9,991	2,370
Security deposit	8,000	-
	\$ 588,131	\$ 549,741
Total assets		

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 57,125	\$ 71,946
Total liabilities	57,125	71,946
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	531,006	477,795
With donor restrictions	-	-
Total net assets	531,006	477,795
Total liabilities and net assets	\$ 588,131	\$ 549,741

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 900,000	\$ 900,000
Contributions	11,500	81,970
Contributions in-kind	5,000	6,044
Government grants	35,000	40,000
Interest income	38	18
Total support and revenues	951,538	1,028,032
Expenses:		
Program Expenses:		
Sanitation	304,134	395,270
Community development	248,609	171,442
Public safety	82,399	90,902
Total program expenses	635,142	657,614
Management and general	263,185	172,194
Total expenses	898,327	829,808
Increase/(Decrease) In Net Assets:		
Without donor restrictions	53,211	198,224
With donor restrictions	-	-
Increase/(decrease) in net assets	53,211	198,224
Net assets, beginning of year	477,795	279,571
Net assets, end of year	\$ 531,006	\$ 477,795

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program Expenses</u>			Total Program Expenses	<u>Supporting</u>	
	Sanitation	Community Development	Public Safety		Management and General	Total Expenses
Staff salaries	\$ 74,022	\$ 134,562	\$ 74,023	\$ 282,607	\$ 45,895	\$ 328,502
Payroll taxes and benefits	8,376	15,227	8,376	31,979	57,367	89,346
Consultants/Outside contractors	207,522	60,776	-	268,298	11,193	279,491
Depreciation	-	-	-	-	2,345	2,345
Insurance	-	-	-	-	5,329	5,329
Office supplies and expenses	-	-	-	-	22,221	22,221
Professional fees	-	-	-	-	61,255	61,255
Program expenses - other	-	38,044	-	38,044	-	38,044
Program supplies	14,214	-	-	14,214	-	14,214
Rent and utilities	-	-	-	-	49,106	49,106
Telephone	-	-	-	-	6,153	6,153
Travel and meetings	-	-	-	-	2,321	2,321
Total expenses	\$ 304,134	\$ 248,609	\$ 82,399	\$ 635,142	\$ 263,185	\$ 898,327

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>	
	<u>Sanitation</u>	<u>Community Development</u>	<u>Public Safety</u>		<u>Management and General</u>	<u>Total Expenses</u>
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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 53,211	\$ 198,224
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	2,345	1,508
Changes in assets and liabilities:		
Accounts payable and accrued expenses	(14,821)	31,928
Contributions receivable	(734)	-
Accounts receivable	-	39,641
Government grants receivable	(35,000)	-
Prepaid expenses	(1,691)	(32)
Security deposit	(8,000)	-
Net cash provided/(used) by operating activities	(4,690)	271,269
Cash flows from investing activities:		
Purchase of property and equipment	(9,966)	(1,948)
Net cash provided/(used) by investing activities	(9,966)	(1,948)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	(14,656)	269,321
Cash at beginning of year	503,804	234,483
Cash at end of year	\$ 489,148	\$ 503,804
Supplemental information:		
Retirement of fully depreciated assets	\$ -	\$ 197,972

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.

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.

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 and furniture is computed by the straight-line method over estimated useful lives ranging from three 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)

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.

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 refundable advances in the statements of financial position. As of June 30, 2021 and 2020, 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 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.

**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 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.

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 12,686	\$ 8,049
Furniture	<u>5,329</u>	<u>-</u>
	\$ 18,015	\$ 8,049
Less: Accumulated depreciation	<u>(8,024)</u>	<u>(5,679)</u>
	<u>\$ 9,991</u>	<u>\$ 2,370</u>

Note 3 - Commitments and Related Party

The Association leases office space under a noncancelable operating lease from an entity whose principal is President of the Association's Board of Directors. The noncancelable operating lease commenced on December 1, 2020 and is set to expire on June 30, 2026. Total payments to this related party for fiscal years ended June 30, 2021 and 2020, were \$38,841 and \$0, respectively. As of June 30, 2021, minimum aggregate annual rental commitments for the lease are as follows:

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

Note 4 - Contributions In-Kind

Contributions in-kind received are in the form of the free use of facilities and architectural fees. 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, 2021 and 2020, in-kind contributions had a total fair market value of \$5,000 and \$6,044, respectively.

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

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, 2021 and 2020, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 489,148	\$ 503,804
Receivables	<u>75,734</u>	<u>40,000</u>
Total financial assets	564,882	543,804
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>\$ 564,882</u>	<u>\$ 543,804</u>

Note 6 - Government Grants

During the years ended June 30, 2021 and 2020, the Association was awarded grants by The City of New York. Total revenue recognized from the grants during the years ended June 30, 2021 and 2020 amounted to \$35,000 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, 2021 and 2020.

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through November 24, 2021, which is the date the financial statements were available to be issued.



Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002

www.skodyscot.com

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, 2021 and 2020, and have issued our report thereon dated November 24, 2021, 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
November 24, 2021

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2021

	<u>Total Expenses</u>	<u>Budget</u>
Staff salaries	\$ 328,502	\$ 317,000
Payroll taxes and benefits	89,346	94,988
Consultants / Outside contractors	279,491	336,226
Depreciation	2,345	1,500
Insurance	5,329	5,612
Office supplies and expenses	22,221	27,698
Professional fees	61,255	29,000
Program expenses - other	38,044	69,000
Program supplies	14,214	13,263
Rent and utilities	49,106	61,935
Telephone	6,153	6,392
Travel and meetings	2,321	3,885
Total expenses	<u><u>\$ 898,327</u></u>	<u><u>\$ 966,499</u></u>