

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

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2019 AND 2018

**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, 2019 and 2018, 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, 2019 and 2018, 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 20, 2019

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash	\$ 234,483	\$ 75,125
Accounts receivable	39,641	-
Government grants receivable	40,000	15,000
Prepaid expenses	3,535	2,812
Property, equipment and intangibles, net	1,930	14,246
	\$ 319,589	\$ 107,183
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 40,018	\$ 43,044
Total liabilities	40,018	43,044
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	279,571	64,139
With donor restrictions	-	-
	279,571	64,139
Total net assets	279,571	64,139
Total liabilities and net assets	\$ 319,589	\$ 107,183

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Support and Revenues:		
Without donor restrictions:		
Assessments revenue	\$ 900,000	\$ 550,000
Contributions	365	-
Contributions in-kind	15,339	14,798
Government grants	40,000	15,000
Interest income	14	49
Total support and revenues	955,718	579,847
Expenses:		
Program Expenses:		
Sanitation	341,294	296,521
Community development	178,203	149,612
Public safety	88,170	126,887
Total program expenses	607,667	573,020
Management and general	132,619	117,711
Total expenses	740,286	690,731
Increase/(Decrease) In Net Assets:		
Without donor restrictions	215,432	(110,884)
With donor restrictions	-	-
Increase/(decrease) in net assets	215,432	(110,884)
Net assets, beginning of year	64,139	175,023
Net assets, end of year	\$ 279,571	\$ 64,139

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>			<u>Supporting</u>		
	<u>Sanitation</u>	<u>Community Development</u>	<u>Public Safety</u>	<u>Total Program Expenses</u>	<u>Management and General</u>	<u>Total Expenses</u>
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.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2018

	<u>Program Expenses</u>			Total Program Expenses	<u>Supporting</u>	
	Sanitation	Community Development	Public Safety		Management and General	Total Expenses
Staff salaries	\$ 25,410	\$ 72,570	\$ 98,879	\$ 196,859	\$ 38,116	\$ 234,975
Payroll taxes and benefits	6,958	19,872	27,076	53,906	10,436	64,342
Consultants/Outside contractors	264,153	33,031	-	297,184	5,025	302,209
Depreciation and amortization	-	-	-	-	14,459	14,459
Insurance	-	-	-	-	6,269	6,269
Office supplies and expenses	-	-	-	-	9,370	9,370
Printing	-	-	-	-	158	158
Professional fees	-	-	-	-	11,004	11,004
Program expenses - other	-	24,139	932	25,071	-	25,071
Rent and utilities	-	-	-	-	15,384	15,384
Telephone	-	-	-	-	5,416	5,416
Travel and meetings	-	-	-	-	2,074	2,074
Total expenses	\$ 296,521	\$ 149,612	\$ 126,887	\$ 573,020	\$ 117,711	\$ 690,731

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 215,432	\$ (110,884)
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	14,084	14,459
Changes in assets and liabilities:		
Accounts payable and accrued expenses	(3,026)	(1,133)
Accounts receivable	(39,641)	-
Government grants receivable	(25,000)	1,000
Prepaid expenses	(723)	(63)
Net cash provided/(used) by operating activities	161,126	(96,621)
Cash flows from investing activities:		
Purchase of property and equipment	(1,768)	(8,779)
Net cash provided/(used) by investing activities	(1,768)	(8,779)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	159,358	(105,400)
Cash at beginning of year	75,125	180,525
Cash at end of year	\$ 234,483	\$ 75,125

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 2019, the Association adopted all reporting changes required under FASB ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, all amounts on the fiscal year 2019 and 2018 financial statements have been reclassified to conform to the new presentation requirements. All required disclosures have been incorporated and included on the accompanying financial statements and in these notes.

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.

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.

**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.

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.

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 Organization'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. 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 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. The Association classifies expenses, which are not directly related to a specific program, as Management and General expenses.

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.

Note 2 - Property, Equipment and Intangibles

Property, equipment and intangible costs by major class consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 6,101	\$ 4,333
GIS base map	15,350	15,350
Organizational costs	161,677	161,677
Website development costs	<u>20,945</u>	<u>20,945</u>
	\$ 204,073	\$ 202,305
Less: Accumulated depreciation and amortization	(<u>202,143</u>)	(<u>188,059</u>)
	<u>\$ 1,930</u>	<u>\$ 14,246</u>

Note 3 - 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, 2019 and 2018.

Note 4 - Government Grants

During the years ended June 30, 2019 and 2018, the Association was awarded grants by The City of New York. Total expenditures under the grants during the years ended June 30, 2019 and 2018 amounted to \$40,000 and \$15,000, 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, 2019 and 2018, in-kind contributions had a total fair market value of \$15,339 and \$14,798, respectively.

Note 6 - 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 Organization 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, 2019 and 2018, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 234,483	\$ 75,125
Accounts receivable	39,641	-
Government grants receivable	<u>40,000</u>	<u>15,000</u>
Total financial assets	314,124	90,125
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>\$ 314,124</u>	<u>\$ 90,125</u>

Note 7 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through November 20, 2019, 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, 2019 and 2018, and have issued our report thereon dated November 20, 2019, 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 20, 2019

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2019

	<u>Total Expenses</u>	<u>Budget</u>
Staff salaries	\$ 287,032	\$ 294,224
Payroll taxes and benefits	74,691	80,710
Consultants / Outside contractors	270,775	318,911
Depreciation and amortization	14,084	15,000
Insurance	5,665	6,446
Office supplies and expenses	10,986	13,427
Printing	-	217
Professional fees	17,500	10,724
Program expenses - other	35,466	30,700
Rent and utilities	15,880	55,500
Telephone	5,440	3,595
Travel and meetings	2,767	2,595
Total expenses	<u>\$ 740,286</u>	<u>\$ 832,049</u>