

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

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2017 AND 2016

**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, 2017 and 2016, 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, 2017 and 2016, 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
October 16, 2017

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash	\$ 180,525	\$ 214,706
Government grants receivable	16,000	10,000
Prepaid expenses	2,749	10,982
Property and equipment, net	19,926	12,274
Organizational costs, net	-	53,893
	<u>\$ 219,200</u>	<u>\$ 301,855</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 44,177	\$ 46,487
Total liabilities	<u>44,177</u>	<u>46,487</u>
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	175,023	255,368
Temporarily restricted	-	-
Permanently restricted	-	-
	<u>175,023</u>	<u>255,368</u>
Total net assets	<u>175,023</u>	<u>255,368</u>
Total liabilities and net assets	<u>\$ 219,200</u>	<u>\$ 301,855</u>

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Support and Revenues:		
Unrestricted:		
Assessments revenue	\$ 550,000	\$ 550,000
Contributions	-	8,617
Contributions in-kind	18,048	14,680
Government grants	22,000	10,000
Interest income	40	40
Total support and revenues	590,088	583,337
Expenses:		
Program Expenses:		
Sanitation	263,572	250,299
Community development	141,967	84,016
Public safety	124,177	67,840
Total program expenses	529,716	402,155
Management and general	140,717	162,666
Total expenses	670,433	564,821
Increase/(Decrease) In Net Assets:		
Unrestricted	(80,345)	18,516
Temporarily restricted	-	-
Permanently restricted	-	-
Increase/(decrease) in net assets	(80,345)	18,516
Net assets, beginning of year	255,368	236,852
Net assets, end of year	\$ 175,023	\$ 255,368

See accompanying notes to the financial statements.

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Increase/(decrease) in net assets	\$ (80,345)	\$ 18,516
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	58,407	58,406
Forgiven property owner loans	-	(8,617)
Changes in assets and liabilities:		
Accounts payable and accrued expenses	(2,310)	82
Government grants receivable	(6,000)	2,627
Prepaid expenses	8,233	(8,139)
Net cash provided/(used) by operating activities	<u>(22,015)</u>	<u>62,875</u>
Cash Flows From Investing Activities:		
Purchase of property and equipment	(12,166)	(6,264)
Net cash provided/(used) by investing activities	<u>(12,166)</u>	<u>(6,264)</u>
Cash Flows From Financing Activities:		
Repayments to property owners	-	(4,083)
Net cash provided/(used) by financing activities	<u>-</u>	<u>(4,083)</u>
Net increase/(decrease) in cash	(34,181)	52,528
Cash at beginning of year	<u>214,706</u>	<u>162,178</u>
Cash at end of year	<u><u>\$ 180,525</u></u>	<u><u>\$ 214,706</u></u>

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.

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.

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.

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.

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

Note 2 - Property, Equipment and Organizational Costs

Property, equipment and organizational costs by major class consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 4,333	\$ 4,333
GIS base map	15,350	15,350
Organizational costs	161,677	161,677
Website development costs	<u>12,166</u>	<u>-</u>
	\$ 193,526	\$ 181,360
Less: Accumulated depreciation and amortization	<u>(173,600)</u>	<u>(115,193)</u>
	<u>\$ 19,926</u>	<u>\$ 66,167</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, 2017 and 2016.

Note 4 - Government Grants

During the years ended June 30, 2017 and 2016, the Organization was awarded grants by The City of New York. Total expenditures under the grants during the years ended June 30, 2017 and 2016 amounted to \$22,000 and \$10,000, respectively.

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, 2017 and 2016, in-kind contributions had a total fair market value of \$18,048 and \$14,680, respectively.

Note 6 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through October 16, 2017, 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, 2017 and 2016, and have issued our report thereon dated October 16, 2017, 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
October 16, 2017

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

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	Program Expenses			Total	Supporting		
	Sanitation	Community Development	Public Safety	Program Expenses	Management and General	Total Expenses	Total Expenses
Staff salaries	\$ 24,898	\$ 66,739	\$ 95,201	\$ 186,838	\$ 24,897	\$ 211,735	\$ 156,313
Payroll taxes and benefits	6,262	16,785	23,943	46,990	6,261	53,251	49,364
Consultants	232,412	34,189	-	266,601	5,475	272,076	231,375
Depreciation and amortization	-	-	4,514	4,514	53,893	58,407	58,406
Insurance	-	-	-	-	4,483	4,483	4,464
Office supplies and expenses	-	-	-	-	9,183	9,183	12,889
Printing	-	-	-	-	96	96	405
Professional fees	-	-	-	-	10,000	10,000	9,000
Program expenses - other	-	24,254	519	24,773	-	24,773	19,604
Rent and utilities	-	-	-	-	18,589	18,589	8,721
Telephone	-	-	-	-	5,252	5,252	4,617
Travel and meetings	-	-	-	-	2,588	2,588	9,663
Total expenses	\$ 263,572	\$ 141,967	\$ 124,177	\$ 529,716	\$ 140,717	\$ 670,433	\$ 564,821

SOHO BROADWAY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2017

	<u>Total Expenses</u>	<u>Budget</u>
Staff salaries	\$ 211,735	\$ 207,228
Payroll taxes and benefits	53,251	51,926
Consultants	272,076	271,475
Depreciation and amortization	58,407	20,000 *
Insurance	4,483	4,290
Office supplies and expenses	9,183	10,389
Printing	96	96
Professional fees	10,000	9,863
Program expenses - other	24,773	23,375
Rent and utilities	18,589	18,089
Telephone	5,252	5,965
Travel and meetings	2,588	2,186
Total expenses	<u>\$ 670,433</u>	<u>\$ 624,882</u>

*The FY2017 budget did not include amortization of startup costs.