

**EAST MID-MANHATTAN DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2021 AND 2020

EAST MID-MANHATTAN 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
East Mid-Manhattan District
Management Association, Inc.

We have audited the accompanying financial statements of East Mid-Manhattan 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 East Mid-Manhattan 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
December 3, 2021

EAST MID-MANHATTAN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 2,119,261	\$ 1,170,690
Certificates of deposit	1,324,148	1,759,402
Interest receivable	11,146	12,471
Prepaid expenses	40,734	34,336
Security deposits	10,071	10,071
Total assets	<u>\$ 3,505,360</u>	<u>\$ 2,986,970</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 161,645	\$ 108,492
Total liabilities	<u>161,645</u>	<u>108,492</u>
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	3,343,715	2,878,478
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>3,343,715</u>	<u>2,878,478</u>
Total liabilities and net assets	<u>\$ 3,505,360</u>	<u>\$ 2,986,970</u>

See accompanying notes to the financial statements.

EAST MID-MANHATTAN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 3,500,000	\$ 3,500,000
Interest income	42,286	48,973
Total support and revenues	<u>3,542,286</u>	<u>3,548,973</u>
Expenses:		
Program expenses:		
Marketing and promotion	475,595	508,353
Social services	144,100	130,521
Security	527,358	549,536
Sanitation	1,272,731	1,273,140
Public improvements	272,390	261,616
Total program expenses	<u>2,692,174</u>	<u>2,723,166</u>
Management and general	384,875	383,770
Total expenses	<u>3,077,049</u>	<u>3,106,936</u>
Increase/(Decrease) In Net Assets:		
Without donor restrictions	465,237	442,037
With donor restrictions	-	-
Increase/(decrease) in net assets	<u>465,237</u>	<u>442,037</u>
Net assets, beginning of year	<u>2,878,478</u>	<u>2,436,441</u>
Net assets, end of year	<u><u>\$ 3,343,715</u></u>	<u><u>\$ 2,878,478</u></u>

See accompanying notes to the financial statements.

EAST MID-MANHATTAN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Expenses					Supporting		
	Marketing & Promotion	Social Services	Security	Sanitation	Public Improvements	Total Program Expenses	Management & General	Total Expenses
Staff salaries	\$ 146,629	\$ 31,188	\$ 70,126	\$ 70,126	\$ 54,583	\$ 372,652	\$ 114,581	\$ 487,233
Payroll taxes and benefits	26,611	5,831	13,129	13,129	9,299	67,999	21,446	89,445
Outside contractors	21,009	107,081	393,096	1,188,626	-	1,709,812	28,905	1,738,717
Grants to other organizations	15,000	-	-	-	-	15,000	-	15,000
Supplies and equipment	-	-	-	-	19,442	19,442	3,729	23,171
Rent and utilities	-	-	35,722	-	-	35,722	104,303	140,025
Telephone	-	-	-	-	-	-	30,061	30,061
Insurance	-	-	-	-	-	-	26,097	26,097
Office expenses	-	-	-	-	-	-	33,539	33,539
Professional fees	-	-	-	-	-	-	22,214	22,214
Project expenses	266,346	-	2,490	850	189,066	458,752	-	458,752
Uniforms	-	-	12,795	-	-	12,795	-	12,795
Total expenses	<u>\$ 475,595</u>	<u>\$ 144,100</u>	<u>\$ 527,358</u>	<u>\$ 1,272,731</u>	<u>\$ 272,390</u>	<u>\$ 2,692,174</u>	<u>\$ 384,875</u>	<u>\$ 3,077,049</u>

See accompanying notes to the financial statements.

EAST MID-MANHATTAN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Expenses					Total	Supporting	
	Marketing & Promotion	Social Services	Security	Sanitation	Public Improvements	Program Expenses	Management & General	Total Expenses
Staff salaries	\$ 147,221	\$ 31,323	\$ 70,362	\$ 70,453	\$ 54,896	\$ 374,255	\$ 115,072	\$ 489,327
Payroll taxes and benefits	25,226	5,418	11,979	11,979	8,746	63,348	21,102	84,450
Outside contractors	13,774	93,780	411,643	1,167,822	-	1,687,019	39,158	1,726,177
Grants to other organizations	15,000	-	-	-	-	15,000	-	15,000
Supplies and equipment	-	-	-	6,036	22,647	28,683	3,518	32,201
Rent and utilities	-	-	36,012	-	-	36,012	100,505	136,517
Telephone	-	-	-	-	-	-	26,551	26,551
Insurance	-	-	-	-	-	-	25,494	25,494
Office expenses	-	-	-	-	-	-	39,370	39,370
Professional fees	-	-	-	-	-	-	13,000	13,000
Project expenses	307,132	-	2,300	16,850	175,327	501,609	-	501,609
Uniforms	-	-	17,240	-	-	17,240	-	17,240
Total expenses	<u>\$ 508,353</u>	<u>\$ 130,521</u>	<u>\$ 549,536</u>	<u>\$ 1,273,140</u>	<u>\$ 261,616</u>	<u>\$ 2,723,166</u>	<u>\$ 383,770</u>	<u>\$ 3,106,936</u>

See accompanying notes to the financial statements.

EAST MID-MANHATTAN DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 465,237	\$ 442,037
Adjustments for non-cash items included in operating activities	-	-
Changes in assets and liabilities:		
Interest receivable	1,325	697
Prepaid expenses	(6,398)	(3,452)
Accounts payable and accrued expenses	53,153	(101,117)
Net cash provided/(used) by operating activities	<u>513,317</u>	<u>338,165</u>
Cash flows from investing activities:		
Purchase of certificates of deposit	-	(250,000)
Redemption of certificates of deposit	435,254	250,267
Net cash provided/(used) by investing activities	<u>435,254</u>	<u>267</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash	948,571	338,432
Cash at beginning of year	<u>1,170,690</u>	<u>832,258</u>
Cash at end of year	<u><u>\$ 2,119,261</u></u>	<u><u>\$ 1,170,690</u></u>
Supplemental information:		
Retirement of fully depreciated equipment	\$ 42,797	\$ -

See accompanying notes to the financial statements.

EAST MID-MANHATTAN DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Association

East Mid-Manhattan District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on June 26, 2001. 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 East Mid-Manhattan Business Improvement District (BID). The BID's boundaries are approximately from East 49th Street to East 63rd Street, and from Second Avenue to Fifth Avenue.

The Association's programs include the following: Sanitation - maintaining clean streets/curbs and garbage and graffiti removal; Security - providing increased public security and general assistance through a combination of uniformed security officers and a working relationship with the New York City Police Department; Marketing and Promotion - promoting the district to residents and tourists and retaining and developing prospective businesses; Public Improvements - improving the overall appearance of the district including the installation and maintenance of public fixtures; and Social Services - interacting and providing support for homeless outreach.

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.

Certificates of Deposit

Certificates of deposit are reported at adjusted cost value on the accompanying statements of financial position. Accrued interest on the certificates is reported as interest receivable.

Investment income (interest and dividends) is recognized as revenue in the period earned, and gains and losses (realized and unrealized) are recognized in the period they occur.

EAST MID-MANHATTAN 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 furniture and equipment is computed by the straight-line method over estimated useful lives ranging from three to ten years. Leasehold improvements are amortized by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

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.

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 expenses based on estimated time and effort. The Association classifies expenses, which are not directly related to a specific program, as Management and General expenses.

EAST MID-MANHATTAN DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 - Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Equipment	\$ -	\$ 42,797
Furniture & fixtures	29,103	29,103
Leasehold improvements	<u>41,426</u>	<u>41,426</u>
	70,529	113,326
Less: Accumulated depreciation and amortization	(<u>70,529</u>)	(<u>113,326</u>)
	<u>\$ -</u>	<u>\$ -</u>

Note 3 - Related Parties

The Association leases security office space, at fair market value, from an entity whose officer is on the Association's Board of Directors. Total payments for fiscal years ended June 30, 2021 and 2020, were \$34,446 and \$34,196, respectively.

The Association made donations to a charitable organization whose Executive Director is on the Association's Board of Directors. Total donations for fiscal years ended June 30, 2021 and 2020, were \$15,000 and \$15,000, respectively.

Note 4 - Commitments and Contingencies

The Association leases office space under two non-cancelable operating leases. As of June 30, 2021, minimum aggregate annual rentals are as follows:

Year ended June 30, 2022	\$ 112,865
2023	36,278
2024	37,366
2025	38,487
2026	9,692

Total rent and utilities expenses charged to operations for the years ended June 30, 2021 and 2020 was \$140,025 and \$136,517, respectively.

Note 5 - Concentrations

The Association maintains its cash and certificates of deposit with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balances of the accounts exceeded the insured limits during the years ended June 30, 2021 and 2020.

EAST MID-MANHATTAN DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

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 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	\$ 2,119,261	\$ 1,170,690
Certificates of deposit	1,324,148	1,759,402
Interest receivable	<u>11,146</u>	<u>12,471</u>
Total financial assets	3,454,555	2,942,563
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>\$ 3,454,555</u>	<u>\$ 2,942,563</u>

Note 7 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through December 3, 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
East Mid-Manhattan District
Management Association, Inc.

We have audited the financial statements of East Mid-Manhattan District Management Association, Inc. as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated December 3, 2021, which contained an unmodified opinion on those financial statements. Our audit was 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 purposes of additional analysis and is 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 audit 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 3, 2021

EAST MID-MANHATTAN 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	\$ 487,233	\$ 476,000
Payroll taxes and benefits	89,445	84,000
Outside contractors	1,738,717	1,845,000
Grants to other organizations	15,000	15,000
Supplies and equipment	23,171	55,000
Rent and utilities	140,025	165,000
Telephone	30,061	25,000
Insurance	26,097	40,000
Office expenses	33,539	35,000
Professional fees	22,214	30,000
Project expenses	458,752	575,000
Uniforms	12,795	15,000
Total expenses	<u><u>\$ 3,077,049</u></u>	<u><u>\$ 3,360,000</u></u>