

**NOHO NY DISTRICT MANAGEMENT
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2020 AND 2019

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.

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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
NOHO NY District Management Association, Inc.

We have audited the accompanying financial statements of NOHO NY 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 NOHO NY 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 18, 2020

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 508,936	\$ 371,923
Government grants and other receivables	-	9,785
Prepaid expenses	9,173	9,705
Property and equipment, net	883	1,545
Security deposits	21,880	15,680
	\$ 540,872	\$ 408,638
Total assets		

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 35,852	\$ 21,523
Loans payable	3,500	3,500
Refundable advances	29,900	-
Total liabilities	69,252	25,023
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	471,620	383,615
With donor restrictions	-	-
Total net assets	471,620	383,615
Total liabilities and net assets	\$ 540,872	\$ 408,638

See accompanying notes to the financial statements.

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

	2020	2019
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 600,000	\$ 540,000
Program service revenue	19,279	185
Contributions	500	1,200
Government grants	-	16,810
Interest income	1,441	1,993
Total support and revenues	621,220	560,188
Expenses:		
Program expenses:		
Sanitation	279,870	269,945
Marketing	64,884	54,432
New initiatives	52,514	48,926
Public improvements	7,938	21,240
Total program expenses	405,206	394,543
Management and general	128,009	120,128
Total expenses	533,215	514,671
Increase/(Decrease) In Net Assets:		
Without donor restrictions	88,005	45,517
With donor restrictions	-	-
Increase/(decrease) in net assets	88,005	45,517
Net assets, beginning of year	383,615	338,098
Net assets, end of year	\$ 471,620	\$ 383,615

See accompanying notes to the financial statements.

**NOHO NY 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>Marketing</u>	<u>New Initiatives</u>	<u>Public Improvements</u>		<u>Management & General</u>	<u>Total Expenses</u>
Staff salaries	\$ 31,995	\$ 45,906	\$ 47,297	\$ -	\$ 125,198	\$ 13,911	\$ 139,109
Payroll taxes and benefits	3,529	5,063	5,217	-	13,809	5,944	19,753
Outside contractors	242,813	-	-	-	242,813	4,539	247,352
Depreciation	-	-	-	-	-	662	662
Rent and utilities	-	-	-	-	-	59,829	59,829
Telephone	-	-	-	-	-	2,484	2,484
Insurance	-	-	-	-	-	3,644	3,644
Office expenses	1,533	-	-	-	1,533	11,423	12,956
Professional fees	-	-	-	-	-	20,115	20,115
Project expenses	-	13,640	-	7,938	21,578	-	21,578
Travel and meetings	-	275	-	-	275	3,395	3,670
Website	-	-	-	-	-	2,063	2,063
Total expenses	<u>\$ 279,870</u>	<u>\$ 64,884</u>	<u>\$ 52,514</u>	<u>\$ 7,938</u>	<u>\$ 405,206</u>	<u>\$ 128,009</u>	<u>\$ 533,215</u>

See accompanying notes to the financial statements.

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEARS ENDED JUNE 30, 2019**

	<u>Program Expenses</u>				Total Program Expenses	<u>Supporting</u>	
	<u>Sanitation</u>	<u>Marketing</u>	<u>New Initiatives</u>	<u>Public Improvements</u>		<u>Management & General</u>	<u>Total Expenses</u>
Staff salaries	\$ 27,448	\$ 39,382	\$ 40,575	\$ -	\$ 107,405	\$ 11,933	\$ 119,338
Payroll taxes and benefits	4,635	6,650	6,851	-	18,136	2,014	20,150
Outside contractors	237,695	-	-	-	237,695	5,324	243,019
Depreciation	-	-	-	-	-	662	662
Rent and utilities	-	-	-	-	-	56,986	56,986
Telephone	-	-	-	-	-	1,799	1,799
Insurance	-	-	-	-	-	3,801	3,801
Office expenses	167	-	-	-	167	9,008	9,175
Professional fees	-	-	-	-	-	22,555	22,555
Project expenses	-	777	1,500	21,240	23,517	-	23,517
Travel and meetings	-	3,323	-	-	3,323	4,665	7,988
Website	-	4,300	-	-	4,300	1,381	5,681
Total expenses	<u>\$ 269,945</u>	<u>\$ 54,432</u>	<u>\$ 48,926</u>	<u>\$ 21,240</u>	<u>\$ 394,543</u>	<u>\$ 120,128</u>	<u>\$ 514,671</u>

See accompanying notes to the financial statements.

NOHO NY 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	\$ 88,005	\$ 45,517
Adjustments for non-cash items included in operating activities:		
Depreciation	662	662
Changes in assets and liabilities:		
Accounts payable and accrued expenses	14,329	8,757
Government grants and other receivables	9,785	(9,785)
Prepaid expenses	532	(2,875)
Refundable advances	29,900	-
Security deposits	(6,200)	-
Net cash provided/(used) by operating activities	137,013	42,276
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	137,013	42,276
Cash and cash equivalents at beginning of year	371,923	329,647
Cash and cash equivalents at end of year	\$ 508,936	\$ 371,923

See accompanying notes to the financial statements.

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Association

NOHO NY District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on December 23, 1996. 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 NOHO NY Business Improvement District (BID). The BID's boundaries are approximately from Mercer Street to Lafayette Street, and Houston Street to Astor Place. The Association is considering expanding its boundaries. Expansion related expenses will be reimbursed to the Association by the members located in the expansion area.

The Association's programs include the following: Sanitation - maintaining clean streets/curbs and garbage and graffiti removal; Marketing - promoting the district to residents and tourists and retaining and developing prospective businesses; New Initiatives - developing new programs and expansion of the BID; and Public Improvements - improving the overall appearance of the district through a combination of beautification and other projects.

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. Analysis of various provisions of the standards resulted in no significant changes in the way the Association recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with 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.

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Association considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit and treasury bills, with an original maturity of three months or less.

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 future 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 uncollectable grants.

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. 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.

NOHO NY 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, noncash assets, or unconditional promises to give are 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 meeting these conditions are reported as deferred revenue in the statements of financial position. At 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 net assets with donor restrictions. 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.

Program service revenue relates to fees received in exchange for program services. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred revenue.

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.

During the year ended June 30, 2020, the Association received \$29,900 of Paycheck Protection Program funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and that the conditions imposed on the grant were not met by year-end. Therefore, recognition has been deferred. The amount is included with refundable advances in the statements of financial position as of June 30, 2020.

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing 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.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Bank deposits and cash	\$ 173,907	\$ 18,335
Money market funds	<u>335,029</u>	<u>353,588</u>
	<u>\$ 508,936</u>	<u>\$ 371,923</u>

Note 3 - Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Equipment	\$ 5,860	\$ 5,860
Less: Accumulated depreciation	<u>(4,977)</u>	<u>(4,315)</u>
	<u>\$ 833</u>	<u>\$ 1,545</u>

Note 4 - Loans Payable

In December 2010, Cooper Square Associates LP agreed to lend the Association \$3,500 for BID district expansion. The loan is unsecured, and is not interest bearing. The loan, which has no set maturity date, is payable upon demand. The loan had an outstanding balance of \$3,500 as of June 30, 2020 and 2019.

Note 5 - Concentrations

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

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 6 - Commitments, Contingencies and Related Party

The Association leases office space under a non-cancelable operating lease from a board member (at below fair-market value). As of June 30, 2020, minimum aggregate annual rentals are as follows:

Year ended June 30, 2021	\$ 50,155
2022	52,020

Total rent and utilities expenses charged to operations for the years ended June 30, 2020 and 2019 was \$59,829 and \$56,986, respectively.

Note 7 - Fundraising Activities

The Association does not engage in any organized fundraising activity internally but does solicit funds in an informal manner. The costs associated with the fundraising component of these joint activities are deemed negligible, and as such, have not been identified on the accompanied financial statements.

Note 8 - Government Grants

The Association was awarded grants by The City of New York. Total revenue recognized under the grants during the years ended June 30, 2020 and 2019 amounted to \$0 and \$16,810, respectively.

Note 9 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the years ended June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Banner income	\$ 19,279	\$ 185

At June 30, 2020 and 2019, there was no deferred revenue from revenue relating to contracts with customers.

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 10 - 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 and cash equivalents	\$ 508,936	\$ 371,923
Government grants and other receivables	<u>-</u>	<u>9,785</u>
Total financial assets	508,936	381,708
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>\$ 508,936</u>	<u>\$ 381,708</u>

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through December 18, 2020, 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
NOHO NY District Management
Association, Inc.

We have audited the financial statements of NOHO NY District Management Association, Inc. as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon dated December 18, 2020, 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 purpose 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.

New York, NY
December 18, 2020

Skody Scot & Company, CPAs, PC

NOHO NY 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	\$ 139,109	\$ 138,035
Payroll taxes and benefits	19,753	23,881
Outside contractors	247,352	277,609
Depreciation	662	-
Rent and utilities	59,829	59,683
Telephone	2,484	-
Insurance	3,644	4,600
Office expenses	12,956	15,623
Professional fees	20,115	28,500
Project expenses	21,578	61,250
Travel and meetings	3,670	5,000
Website	2,063	-
Total expenses	<u>\$ 533,215</u>	<u>\$ 614,181</u>