

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

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2023 AND 2022

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.

Opinion

We have audited the financial statements of NOHO NY District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying 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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NOHO NY District Management Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NOHO NY District Management Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NOHO NY District Management Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NOHO NY District Management Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Skody Scot & Company, CPAs, P.C.

New York, NY
December 19, 2023

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash	\$ 298,469	\$ 563,374
Certificate of deposit	250,861	-
Government grant receivable	16,250	-
Prepaid expenses	1,917	10,138
Right of use asset - operating lease	217,745	-
Security deposits	21,880	21,880
	<u>\$ 807,122</u>	<u>\$ 595,392</u>
Total assets	<u>\$ 807,122</u>	<u>\$ 595,392</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 52,185	\$ 30,282
Loan payable	3,500	3,500
Lease liability - operating lease	220,093	-
Total liabilities	<u>275,778</u>	<u>33,782</u>
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	531,344	561,610
With donor restrictions	-	-
Total net assets	<u>531,344</u>	<u>561,610</u>
Total liabilities and net assets	<u>\$ 807,122</u>	<u>\$ 595,392</u>

See accompanying notes to the financial statements.

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 600,000	\$ 600,000
Program service revenue	4,420	13,260
Contributions	5,250	10,000
Government grants	65,000	29,900
Interest income	1,829	292
Total support and revenues	676,499	653,452
Expenses:		
Program expenses:		
Sanitation	400,053	311,115
Marketing	53,598	54,856
New initiatives	60,277	51,773
Public improvements	49,650	53,802
Total program expenses	563,578	471,546
Management and general	143,187	135,616
Total expenses	706,765	607,162
Increase/(Decrease) In Net Assets:		
Without donor restrictions	(30,266)	46,290
With donor restrictions	-	-
Increase/(decrease) in net assets	(30,266)	46,290
Net assets, beginning of year	561,610	515,320
Net assets, end of year	\$ 531,344	\$ 561,610

See accompanying notes to the financial statements.

**NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Expenses					Supporting	
	Sanitation	Marketing	New Initiatives	Public Improvements	Program Expenses	Management & General	Total Expenses
Staff salaries	\$ 33,619	\$ 42,023	\$ 50,428	\$ 25,214	\$ 151,284	\$ 16,809	\$ 168,093
Payroll taxes and benefits	6,566	8,207	9,849	4,925	29,547	3,284	32,831
Outside contractors	337,247	-	-	-	337,247	93	337,340
Equipment and supplies	15,030	-	-	-	15,030	-	15,030
Insurance	-	-	-	-	-	3,029	3,029
Office expenses	7,591	65	-	-	7,656	17,102	24,758
Professional fees	-	-	-	-	-	24,660	24,660
Project expenses	-	2,623	-	19,511	22,134	-	22,134
Rent and utilities	-	-	-	-	-	71,668	71,668
Telephone	-	-	-	-	-	1,906	1,906
Travel and meetings	-	680	-	-	680	4,590	5,270
Website	-	-	-	-	-	46	46
Total expenses	\$ 400,053	\$ 53,598	\$ 60,277	\$ 49,650	\$ 563,578	\$ 143,187	\$ 706,765

See accompanying notes to the financial statements.

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Expenses					Supporting	
	Sanitation	Marketing	New Initiatives	Public Improvements	Program Expenses	Management & General	Total Expenses
Staff salaries	\$ 29,737	\$ 37,172	\$ 44,606	\$ 22,303	\$ 133,818	\$ 14,871	\$ 148,689
Payroll taxes and benefits	4,777	5,972	7,167	3,583	21,499	2,388	23,887
Outside contractors	274,242	-	-	-	274,242	1,768	276,010
Depreciation	-	-	-	-	-	221	221
Insurance	-	-	-	-	-	3,482	3,482
Office expenses	2,359	25	-	-	2,384	16,552	18,936
Professional fees	-	-	-	-	-	26,109	26,109
Project expenses	-	7,337	-	27,916	35,253	-	35,253
Rent and utilities	-	-	-	-	-	62,279	62,279
Telephone	-	-	-	-	-	1,947	1,947
Travel and meetings	-	500	-	-	500	5,077	5,577
Website	-	3,850	-	-	3,850	922	4,772
Total expenses	\$ 311,115	\$ 54,856	\$ 51,773	\$ 53,802	\$ 471,546	\$ 135,616	\$ 607,162

See accompanying notes to the financial statements.

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (30,266)	\$ 46,290
Adjustments for non-cash items included in operating activities:		
Depreciation	-	221
Amortization of right of use asset	48,174	-
Changes in assets and liabilities:		
Government grant receivable	(16,250)	-
Contributions receivable	-	1,500
Prepaid expenses	8,221	18,052
Accounts payable and accrued expenses	21,903	10,342
Refundable advances	-	(29,900)
Payment of operating lease	(45,826)	-
Net cash provided/(used) by operating activities	(14,044)	46,505
Cash flows from investing activities:		
Certificate of deposit purchase	(250,861)	-
Net cash provided/(used) by investing activities	(250,861)	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	(264,905)	46,505
Cash at beginning of year	563,374	516,869
Cash at end of year	\$ 298,469	\$ 563,374
Supplemental information:		
Recognition of lease liability and related right of use asset	\$ 265,919	\$ -

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.

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 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 receivables.

NOHO NY 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. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Lease Liability and Right of Use Asset

The Association entered into a noncancellable operating lease agreement for office space to obtain a right of use (ROU) asset. The lease liability and ROU asset represent its lease obligations and rights to use the leased asset over the period of the lease and are recognized at the lease commencement date. The lease payments are discounted using a rate determined when the lease is recognized. Since the Association's lease did not provide a stated rate, the Association used its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The related operating lease ROU asset may differ from the operating lease liability due to deferred or prepaid lease payments and lease incentives. The Association has elected to apply the short-term lease exception to all leases with a term of one year or less.

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.

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.

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 and other financial assets, nonfinancial assets/services, 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 refundable advances in the statements of financial position. At June 30, 2023 and 2022, 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 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 increases in 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.

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 as of June 30, 2021 or 2020. Therefore, recognition was deferred until they were met during the year ended June 30, 2022. The amount is reported as a refundable advance in the statement of financial position as of June 30, 2021, and as a government grant in the statement of activities for the year ended June 30, 2022.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Program service revenue relates to fees received in exchange for program services and consists primarily of payments related to banner marketing services. The Association's program service revenue generally contains a single delivery/service element and revenue is recognized at a single point in time when ownership, risk and rewards transfer, and all performance obligations are considered to be satisfied. Any revenue received which has not been earned is recorded as deferred revenue.

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2023 and 2022:

	2023	2022
Equipment	\$ 3,310	\$ 3,310
Less: Accumulated depreciation	(3,310)	(3,310)
	\$ -	\$ -

Note 3 - Loan 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, 2023 and 2022.

Note 4 - Concentrations

The Association maintains its cash and certificate of deposit 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, 2023 and 2022.

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

Note 5 - Lease Commitments and Related Party Transactions

The Association leases office space under a noncancelable operating lease from a board member. As of June 30, 2023, the minimum aggregate annual rentals are as follows:

Year ended June 30, 2024		\$	54,505
2025			61,129
2026			62,847
2027			<u>64,617</u>
Total lease payments			243,098
Less: imputed interest (5%)			<u>(23,005)</u>
Total operating lease liability			<u>\$ 220,093</u>

Total rent and related expenses charged to operations for the years ended June 30, 2023 and 2022, was \$71,668 and \$62,279, respectively. Total payments to the related party during the years ended June 30, 2023 and 2022, amounted to \$64,259 and \$62,279, respectively. The components of the Association's lease expenses for the years ended June 30, 2023 and 2022, are included in the statements of activities and expenses under the management and general function.

Note 6 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during fiscal years 2023 and 2022 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Banner income	\$ 4,420	\$ 13,260

Note 7 - Pension Plan

In 2021, the Association entered into an arrangement with a professional employer organization to administer a qualified deferred compensation plan (plan) under section 401(k) of the Internal Revenue Code for its employees. Under the plan, employees may elect to defer a portion of their eligible compensation, subject to Internal Revenue Service limits. The Association can elect to make discretionary contributions. During the years ended June 30, 2023 and 2022, the Association did not make any contributions to the plan.

Note 8 - Government Grants

During the years ended June 30, 2023 and 2022, the Association was awarded grants by governmental institutions. Total revenue recognized from the grants during the years ended June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
New York City	\$ 65,000	\$ -
U.S. Small Business Administration	<u>-</u>	<u>29,900</u>
	<u>\$ 65,000</u>	<u>\$ 29,900</u>

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

Note 9 - 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 accompanying 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, 2023 and 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2023	2022
Financial assets:		
Cash	\$ 298,469	\$ 563,374
Certificate of deposit	250,861	-
Receivables	16,250	-
Total financial assets	565,580	563,374
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 565,580	\$ 563,374

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through December 19, 2023, 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, 2023 and 2022, and have issued our report thereon dated December 19, 2023, 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 19, 2023

Skody Scot & Company, CPAs, PC

NOHO NY DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2023

	Total Expenses	Budget
Staff salaries	\$ 168,093	\$ 164,321
Payroll taxes and benefits	32,831	31,551
Outside contractors	337,340	283,858
Equipment and supplies	15,030	-
Insurance	3,029	3,088
Office expenses	24,758	11,169
Professional fees	24,660	27,900
Project expenses	22,134	24,000
Rent and utilities	71,668	65,580
Telephone	1,906	1,800
Travel and meetings	5,270	6,000
Website	46	-
Total expenses	\$ 706,765	\$ 619,267