

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2019 AND 2018

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
47th Street Business Improvement District, Inc.

We have audited the accompanying financial statements of 47th Street Business Improvement District, 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 47th Street Business Improvement District, 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 27, 2019

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 347,486	\$ 106,318
Program revenue receivable, net	38,172	64,758
Prepaid expenses	13,304	18,665
Property and equipment, net	6,091	-
Security deposit	330	330
	\$ 405,383	\$ 190,071

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 19,943	\$ 40,832
Total liabilities	19,943	40,832
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	385,440	149,239
With donor restrictions	-	-
	385,440	149,239
Total net assets	385,440	149,239
Total liabilities and net assets	\$ 405,383	\$ 190,071

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 900,000	\$ 900,000
Program service revenue	395,839	380,464
Publication revenue	38,600	117,382
Government grants	-	9,500
Interest income	775	556
Total support and revenues	1,335,214	1,407,902
Expenses:		
Program Expenses:		
Sanitation and streetscape	96,030	123,747
Security	774,671	744,753
Promotion	144,516	368,291
Total program expenses	1,015,217	1,236,791
Management and general	83,796	175,049
Total expenses	1,099,013	1,411,840
Increase/(Decrease) in Net Assets:		
Without donor restrictions	236,201	(3,938)
With donor restrictions	-	-
Increase/(decrease) in net assets	236,201	(3,938)
Net assets, beginning of year	149,239	153,177
Net assets, end of year	\$ 385,440	\$ 149,239

See accompanying notes to the financial statements.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Expenses			Total Program Expenses	Supporting	Total Expenses
	Sanitation & Streetscape	Security	Promotion		Management and General	
Salaries	\$ 7,912	\$ 7,912	\$ 35,605	\$ 51,429	\$ 27,694	\$ 79,123
Payroll taxes and benefits	2,013	2,013	9,058	13,084	7,047	20,131
Outside contractors	67,251	706,166	34,575	807,992	6,515	814,507
Depreciation	-	-	-	-	843	843
Design fees	-	-	11,125	11,125	-	11,125
Insurance	-	58,580	-	58,580	5,128	63,708
Office expenses	-	-	-	-	10,339	10,339
Postage & printing	-	-	25,727	25,727	-	25,727
Professional fees	-	-	-	-	14,749	14,749
Program expenses - other	-	-	20,026	20,026	-	20,026
Rent	-	-	-	-	8,631	8,631
Repairs and maintenance	8,900	-	-	8,900	-	8,900
Seasonal decorations	-	-	8,400	8,400	-	8,400
Telephone	-	-	-	-	2,850	2,850
Utilities	9,954	-	-	9,954	-	9,954
Total expenses	\$ 96,030	\$ 774,671	\$ 144,516	\$ 1,015,217	\$ 83,796	\$ 1,099,013

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Expenses			Total Program Expenses	Supporting	Total Expenses
	Sanitation & Streetscape	Security	Promotion		Management and General	
Salaries	\$ 22,121	\$ 22,121	\$ 99,544	\$ 143,786	\$ 77,423	\$ 221,209
Payroll taxes and benefits	6,748	6,748	30,365	43,861	23,618	67,479
Outside contractors	82,104	656,528	129,064	867,696	-	867,696
Depreciation	-	-	-	-	4,461	4,461
Design fees	-	-	17,375	17,375	-	17,375
Insurance	-	59,356	-	59,356	6,777	66,133
Office expenses	-	-	3,563	3,563	21,719	25,282
Postage & printing	-	-	42,676	42,676	12,446	55,122
Professional fees	-	-	-	-	15,350	15,350
Program expenses - other	-	-	31,914	31,914	-	31,914
Rent	-	-	-	-	2,267	2,267
Repairs and maintenance	6,142	-	-	6,142	-	6,142
Seasonal decorations	-	-	13,790	13,790	-	13,790
Telephone	-	-	-	-	10,988	10,988
Utilities	6,632	-	-	6,632	-	6,632
Total expenses	\$ 123,747	\$ 744,753	\$ 368,291	\$ 1,236,791	\$ 175,049	\$ 1,411,840

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 236,201	\$ (3,938)
Adjustments for non-cash items included in operating activities:		
Depreciation	843	4,461
Provision for allowance for doubtful accounts	-	25,000
Changes in assets and liabilities:		
Accounts payable and accrued expenses	(20,889)	(57,161)
Deferred revenue	-	(110,000)
Program revenue receivable	26,586	(48,330)
Prepaid expenses	5,361	5,879
Net cash provided/(used) by operating activities	248,102	(184,089)
Cash flows from investing activities:		
Purchase of property & equipment	(6,934)	-
Net cash provided/(used) by investing activities	(6,934)	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	241,168	(184,089)
Cash and cash equivalents at beginning of year	106,318	290,407
Cash and cash equivalents at end of year	\$ 347,486	\$ 106,318

See accompanying notes to the financial statements.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

The 47th Street Business Improvement District, Inc. (Organization), a not-for-profit organization, was incorporated in the State of New York on May 6, 1997. The Organization primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the 47th Street Business Improvement District (BID). The BID's boundaries are approximately West 47th Street between Fifth and Sixth Avenues.

The Organization 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 Organization does not believe its financial statements contain any uncertain tax positions.

The Organization's programs include the following: Sanitation and Streetscape - maintaining clean streets/curbs, removing garbage and graffiti, and improving the overall appearance of the district through a combination of projects including lighting and public fixtures; Security - providing increased public security through a combination of uniformed guards and a working relationship with the New York City Police Department; and Promotion - promoting the district to residents and tourists, retaining and developing prospective businesses, and publishing a monthly newsletter.

Basis of Accounting

The financial statements of the Organization 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 Organization 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 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.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Property and Equipment

The Organization 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 depreciated 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, revenue, 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 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 expenses that are allocated include salaries and related expenses based on estimated time and effort. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

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. The allowance for doubtful accounts is maintained at a level that, in management's judgment, is adequate to absorb uncollectible receivables. The allowance for doubtful accounts was \$0 and \$25,000 at June 30, 2019 and 2018, respectively.

Revenue Recognition

The real estate assessment levied by the City is recorded by the Organization when earned. An allowance for doubtful accounts is not provided because all assessments have been subsequently received in the following year. Assessment billing errors are recorded as a direct reduction of assessment revenue.

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

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 revenue with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization receives grants from governmental agencies. In accordance with the grant provisions, the Organization either receives grant funds following the disbursement of approved expenses or is authorized to receive funds in advance of anticipated expenditures. All unreimbursed expenses as of period-end are recorded as grant receivables and all advanced funds not expended are recorded as either refundable advances or deferred income.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Bank deposits and cash	\$ 146,368	\$ 73,775
Money market funds	<u>201,118</u>	<u>32,543</u>
	<u>\$ 347,486</u>	<u>\$ 106,318</u>

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 3 - Property and Equipment

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

	2019	2018
Equipment	\$ 107,164	\$ 105,230
Furniture and fixtures	6,450	1,450
	113,614	106,680
Less: Accumulated depreciation	(107,523)	(106,680)
	\$ 6,091	\$ -

Note 4 - Government Grants

The Organization was awarded a grant by The City of New York. Total grant revenue recognized under the grant amounted to \$0 and \$9,500 during the years ended June 30, 2019 and 2018, respectively.

Note 5 - Concentrations

The Organization maintains its checking, savings, and money market accounts with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balance of the accounts may have exceeded the insurance limits during the years ended June 30, 2019 and 2018.

Note 6 - Pension Plan

The Organization adopted a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code. This plan allows for the Organization to make non-elective contributions of up to 4.5% of the participant's salary. During the years ended June 30, 2019 and 2018, the Organization made plan contributions of \$92 and \$10,087, respectively. The plan has been inactive since July 2018.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Liquidity and Availability of Financial Assets

The Organization 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 Organization'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 and cash equivalents	\$ 347,486	\$ 106,318
Program revenue receivable, net	<u>38,172</u>	<u>64,758</u>
Total financial assets	385,658	171,076
Less those unavailable for general expenditures within one year	(-)	(-)
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>385,658</u>	\$ <u>171,076</u>

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through November 27, 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
47th Street Business Improvement
District, Inc.

We have audited the financial statements of 47th Street Business Improvement District, Inc. as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon dated November 27, 2019, 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
November 27, 2019

Skody Scot & Company, CPAs, PC

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2019

	<u>Total Expenses</u>	<u>Budget</u>
Salaries	\$ 79,123	\$ 115,000
Payroll taxes and benefits	20,131	30,650
Outside contractors	814,507	868,930
Depreciation	843	-
Design fees	11,125	11,000
Insurance	63,708	85,000
Office expenses	10,339	15,800
Postage & printing	25,727	19,400
Professional fees	14,749	11,500
Program expenses - other	20,026	48,296
Rent	8,631	8,500
Repairs and maintenance	8,900	80,000
Seasonal decorations	8,400	9,000
Telephone	2,850	7,000
Utilities	9,954	6,000
Total expenses	<u>\$ 1,099,013</u>	<u>\$ 1,316,076</u>