

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2022 AND 2021

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.

Opinion

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, 2022 and 2021, 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 47th Street Business Improvement District, Inc. as of June 30, 2022 and 2021, 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 47th Street Business Improvement District, 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 47th Street Business Improvement District, 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 judgement 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 47th Street Business Improvement District, 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 47th Street Business Improvement District, 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.

New York, NY
December 21, 2022

Skody Scot & Company, CPAs, P.C.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash	\$ 492,805	\$ 340,569
Program revenue receivable	31,390	68,576
Prepaid expenses	21,501	21,091
Property and equipment, net	3,197	2,951
Security deposit	330	330
	\$ 549,223	\$ 433,517
Total assets		

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 26,102	\$ 50,397
Total liabilities	26,102	50,397
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	523,121	383,120
With donor restrictions	-	-
Total net assets	523,121	383,120
Total liabilities and net assets	\$ 549,223	\$ 433,517

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 900,000	\$ 900,000
Program service revenue	460,504	395,818
Contributions	35,000	-
Publication revenue	-	12,000
Interest income	211	230
Total support and revenues	1,395,715	1,308,048
 Expenses:		
Program expenses:		
Sanitation and streetscape	109,057	119,356
Security	849,152	896,593
Promotion	191,812	226,884
Total program expenses	1,150,021	1,242,833
Management and general	105,693	121,315
Total expenses	1,255,714	1,364,148
 Increase/(Decrease) in Net Assets:		
Without donor restrictions	140,001	(56,100)
With donor restrictions	-	-
Increase/(decrease) in net assets	140,001	(56,100)
Net assets, beginning of year	383,120	439,220
Net assets, end of year	\$ 523,121	\$ 383,120

See accompanying notes to the financial statements.

**47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Expenses			Total Program Expenses	Supporting		Total Expenses
	Sanitation & Streetscape	Security	Promotion		Management and General		
Salaries	\$ 15,492	\$ 15,492	\$ 69,715	\$ 100,699	\$ 54,224	\$	\$ 154,923
Payroll taxes and benefits	1,392	1,392	6,264	9,048	4,871		13,919
Outside contractors	82,749	812,009	33,050	927,808	4,629		932,437
Bad debt	-	-	-	-	2,550		2,550
Depreciation	-	-	-	-	455		455
Design fees	-	-	9,920	9,920	-		9,920
Insurance	-	20,259	-	20,259	10,909		31,168
Office expenses	-	-	-	-	12,714		12,714
Printing & postage	-	-	33,368	33,368	65		33,433
Professional fees	-	-	-	-	12,100		12,100
Program expenses - other	-	-	15,770	15,770	-		15,770
Rent	-	-	-	-	952		952
Seasonal decorations	-	-	23,725	23,725	-		23,725
Telephone	-	-	-	-	2,224		2,224
Utilities	9,424	-	-	9,424	-		9,424
Total expenses	\$ 109,057	\$ 849,152	\$ 191,812	\$ 1,150,021	\$ 105,693	\$	\$ 1,255,714

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Expenses			Supporting	
	Sanitation & Streetscape	Security	Promotion	Management and General	Total Expenses
Salaries	\$ 15,250	\$ 15,250	\$ 68,625	\$ 53,375	\$ 152,500
Payroll taxes and benefits	1,338	1,338	6,021	4,683	13,380
Outside contractors	81,137	851,800	24,500	6,564	964,001
Depreciation	-	-	-	1,693	1,693
Design fees	-	-	9,975	-	9,975
Insurance	-	28,205	-	15,188	43,393
Office expenses	-	-	-	11,173	11,173
Printing & postage	-	-	32,240	3,303	35,543
Professional fees	-	-	-	22,617	22,617
Program expenses - other	-	-	45,808	-	45,808
Rent	-	-	-	837	837
Repairs and maintenance	17,740	-	-	-	17,740
Seasonal decorations	-	-	39,715	-	39,715
Telephone	-	-	-	1,882	1,882
Utilities	3,891	-	-	-	3,891
Total expenses	\$ 119,356	\$ 896,593	\$ 226,884	\$ 121,315	\$ 1,364,148

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 140,001	\$ (56,100)
Adjustments for non-cash items included in operating activities:		
Bad debt	2,550	-
Depreciation	455	1,693
Changes in assets and liabilities:		
Accounts payable and accrued expenses	(24,295)	(6,601)
Program revenue receivable	34,636	(28,354)
Prepaid expenses	(410)	(7,786)
Net cash provided/(used) by operating activities	152,937	(97,148)
Cash flows from investing activities:		
Purchase of property & equipment	(701)	(234)
Net cash provided/(used) by investing activities	(701)	(234)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	152,236	(97,382)
Cash, at beginning of year	340,569	437,951
Cash, at end of year	\$ 492,805	\$ 340,569

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.

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.

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 uncollectible receivables.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Revenue Recognition

The real estate assessment levied by the City is recorded by the Organization when earned. The City remits these assessments to the Organization in two installments. An allowance for doubtful accounts is not provided because all assessments are received in the current year. Assessment billing adjustments are corrected in the next billing cycle.

The Organization recognizes contributions when cash, a noncash asset, or an unconditional promise to give is 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 the meeting of these conditions are reported as refundable advances in the statements of financial position. As of June 30, 2022 and 2021, the Organization did not have any conditional pledges that were not recognized.

All 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 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 (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.

Program service revenue and publication revenue relate to fees received in exchange for program services. Program service revenue consists primarily of supplemental security and sanitation services. The Organization's program service revenue generally contains a single delivery/service element and revenue is recognized at a single point in time when ownership, risks 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, and insurance based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Note 2 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2022 and 2021:

	2022	2021
Equipment	\$ 107,398	\$ 107,398
Furniture and fixtures	7,150	6,450
	114,548	113,848
Less: Accumulated depreciation	(111,351)	(110,897)
	\$ 3,197	\$ 2,951

Note 3 - 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, 2022 and 2021, the Organization did not make any contributions to the plan.

Note 4 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during fiscal years 2022 and 2021 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended June 30, 2022 and 2021, is as follows:

	2022	2021
Publication revenue	\$ -	\$ 12,000
Supplemental security/sanitation services	460,504	395,818

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

Note 5 - 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, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2022	2021
Financial assets:		
Cash	\$ 492,805	\$ 340,569
Receivables	31,390	68,576
Total financial assets	524,195	409,145
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 524,195	\$ 409,145

Note 6 - Concentrations

The Organization maintains its checking and savings 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, 2022 and 2021.

Note 7 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through December 21, 2022, 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, 2022 and 2021, and have issued our report thereon dated December 21, 2022, 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 21, 2022

Skody Scot & Company, CPAs, PC

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2022

	<u>Total Expenses</u>	<u>Budget</u>
Salaries	\$ 154,923	\$ 150,000
Payroll taxes and benefits	13,919	12,000
Outside contractors	932,437	986,000
Bad debt	2,550	-
Depreciation	455	-
Design fees	9,920	9,000
Insurance	31,168	46,000
Office expenses	12,714	20,450
Printing & postage	33,433	31,300
Professional fees	12,100	24,000
Program expenses - other	15,770	40,326
Rent	952	-
Seasonal decorations	23,725	19,000
Telephone	2,224	5,000
Utilities	9,424	2,000
Total expenses	<u>\$ 1,255,714</u>	<u>\$ 1,345,076</u>