

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2024 AND 2023

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, 2024 and 2023, 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, 2024 and 2023, 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 available to be 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 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
January 8, 2025

Skody Scot & Company, CPAs, P.C.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash	\$ 211,225	\$ 405,301
Certificates of deposit	514,482	200,264
Program service revenue receivables	38,808	38,161
Prepaid expenses	17,030	22,615
Property and equipment, net	4,880	4,458
Security deposit	330	330
Total assets	\$ 786,755	\$ 671,129
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 46,929	\$ 46,411
Total liabilities	46,929	46,411
Net Assets:		
Without donor restrictions	739,826	624,718
With donor restrictions	-	-
Total net assets	739,826	624,718
Total liabilities and net assets	\$ 786,755	\$ 671,129

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Support and Revenues:		
Without donor restrictions:		
Assessment revenue	\$ 900,000	\$ 900,000
Program service revenue	477,230	442,343
Contributions	-	35,000
Publication revenue	37,500	28,700
Interest income	20,313	723
Total support and revenues	1,435,043	1,406,766
 Expenses:		
Program expenses:		
Sanitation and streetscape	153,962	122,281
Security	923,268	857,999
Promotion	146,439	221,214
Total program expenses	1,223,669	1,201,494
Management and general	96,266	103,675
Total expenses	1,319,935	1,305,169
 Increase/(decrease) in net assets	115,108	101,597
Net assets, beginning of year	624,718	523,121
Net assets, end of year	\$ 739,826	\$ 624,718

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Expenses			Total Program Expenses	Supporting Services	Total Expenses
	Sanitation and Streetscape	Security	Promotion		Management and General	
Salaries	\$ 15,200	\$ 15,200	\$ 68,400	\$ 98,800	\$ 53,200	\$ 152,000
Payroll taxes and benefits	1,380	1,380	6,210	8,970	4,830	13,800
Outside contractors	94,023	902,561	24,000	1,020,584	3,140	1,023,724
Depreciation	-	-	-	-	1,812	1,812
Design fees	-	-	10,800	10,800	-	10,800
Equipment and supplies	21,677	-	-	21,677	-	21,677
Insurance	18,999	4,127	-	23,126	12,452	35,578
Office expenses	260	-	-	260	12,620	12,880
Printing	-	-	26,239	26,239	-	26,239
Professional fees	-	-	-	-	4,069	4,069
Promotion and marketing	-	-	10,790	10,790	-	10,790
Rent and utilities	2,423	-	-	2,423	1,707	4,130
Telephone and communications	-	-	-	-	2,436	2,436
Total expenses	\$ 153,962	\$ 923,268	\$ 146,439	\$ 1,223,669	\$ 96,266	\$ 1,319,935

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Expenses			Total Program Expenses	Supporting Services	Total Expenses
	Sanitation and Streetscape	Security	Promotion		Management and General	
Salaries	\$ 15,200	\$ 15,200	\$ 68,400	\$ 98,800	\$ 53,200	\$ 152,000
Payroll taxes and benefits	1,401	1,401	6,302	9,104	4,901	14,005
Outside contractors	82,703	837,873	26,603	947,179	4,371	951,550
Depreciation	-	-	-	-	1,314	1,314
Design fees	-	-	10,200	10,200	-	10,200
Insurance	16,228	3,525	-	19,753	10,637	30,390
Office expenses	-	-	-	-	13,311	13,311
Printing	-	-	34,104	34,104	87	34,191
Professional fees	-	-	-	-	12,400	12,400
Promotion and marketing	-	-	47,051	47,051	-	47,051
Rent and utilities	6,749	-	-	6,749	825	7,574
Seasonal decorations	-	-	28,554	28,554	-	28,554
Telephone and communications	-	-	-	-	2,629	2,629
Total expenses	\$ 122,281	\$ 857,999	\$ 221,214	\$ 1,201,494	\$ 103,675	\$ 1,305,169

See accompanying notes to the financial statements.

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 115,108	\$ 101,597
Adjustments for non-cash items included in operating activities:		
Depreciation	1,812	1,314
Accrued interest on certificates of deposit	(14,482)	(264)
(Increases)/decreases in assets:		
Program service revenue receivables	(647)	(6,771)
Prepaid expenses	5,585	(1,114)
Increases/(decreases) in liabilities:		
Accounts payable and accrued expenses	518	20,309
Net cash provided/(used) by operating activities	107,894	115,071
Cash flows from investing activities:		
Certificate of deposit purchases	(950,000)	(200,000)
Certificate of deposit redemptions	650,264	-
Purchase of property and equipment	(2,234)	(2,575)
Net cash provided/(used) by investing activities	(301,970)	(202,575)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	(194,076)	(87,504)
Cash, beginning of year	405,301	492,805
Cash, end of year	\$ 211,225	\$ 405,301

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 nonprofit 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 (District) and from program service revenue. The District'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 in accordance with accounting principles generally accepted in the United States of America (US GAAP) 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

The Organization reports investments in certificates of deposit with an original maturity to the Organization at the date of purchase of greater than three months at cost, which approximates fair market value. Investments carried at cost are not required to be classified in one of the levels prescribed by the US GAAP fair value hierarchy. The certificates of deposit balance on the statements of financial position includes accrued interest.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

The Organization records program service revenue receivables which are reported at their net realizable value. The Organization evaluates the collectability of its program service revenue receivables at least annually using a current expected credit loss (CECL) model. Under this model, an allowance for credit losses is recorded for the expected lifetime losses on the receivables. This evaluation is based on historical loss experience, current economic conditions, and reasonable and supportable forecasts that affect the collectability of the outstanding balances. Receivables deemed uncollectable are written off against the allowance when it is determined that the receivable will not be collected.

The Organization has determined that no allowance for credit losses is necessary as of June 30, 2024 and 2023, based on historical collection rates, creditworthiness of the customers and economic conditions stability.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of two 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 seven years. 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The real estate assessment levied by the City is recognized by the Organization ratably throughout the year. The City remits these assessments to the Organization in two installments (July and January) during the fiscal year and each payment covers the successive six-month periods. Assessment billing errors are recorded as a direct reduction of assessment revenue. Any significant discrepancies due to changes in total amounts assessed are recorded as receivables in the statements of financial position.

The Organization 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 the meeting of these conditions are reported as refundable advances in the statements of financial position. As of June 30, 2024 and 2023, 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 consists of fees received in exchange for the provision of supplemental security and sanitation services. The Organization's program service revenue is recognized on a monthly basis as the supplemental contracted services are provided. Payments are due after the monthly services have been completed and fees are based on the standalone prices. Any revenue received which has not been earned is recorded as deferred revenue.

Publication revenue consists of fees received in exchange for promotional advertising in the Organization's monthly newsletter. Publication revenue is recognized on a monthly basis over the term of the advertising agreement. Payments are made at the beginning of the publication period and fees are based on the standalone prices. Any publication 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 consists of the following at June 30, 2024 and 2023:

	2024	2023
Equipment	\$ 112,207	\$ 109,972
Furniture and fixtures	7,150	7,150
	119,357	117,122
Less: accumulated depreciation	(114,477)	(112,664)
	\$ 4,880	\$ 4,458

Note 3 - Retirement Plan

The Organization adopted a qualified deferred compensation plan (Plan) under section 401(k) of the Internal Revenue Code (IRC). Under the Plan, employees may elect to defer a portion of their salary, subject to IRC limits. The Plan allows for the Organization to make elective contributions of up to 4.5% of the participant's salary. During the years ended June 30, 2024 and 2023, 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 the years ended June 30, 2024 and 2023, was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended June 30, 2024 and 2023, is as follows:

	2024	2023
Publication revenue	\$ 37,500	\$ 28,700
Supplemental security and sanitation services	477,230	442,343

The Organization's receivables from contracts with customers consist of amounts due for supplemental security and sanitation services. The beginning and ending balances for contract receivables are as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Beginning balance	\$ 38,161	\$ 31,390
Ending balance	\$ 38,808	\$ 38,161

**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, 2024 and 2023, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2024	2023
Financial assets:		
Cash	\$ 211,225	\$ 405,301
Certificates of deposit	514,482	200,264
Receivables	38,808	38,161
Total financial assets	764,515	643,726
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 764,515	\$ 643,726

Note 6 - Concentrations

The Organization maintains its cash and certificates of deposit 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 have exceeded the insured limits during the years ended June 30, 2024 and 2023.

Note 7 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through January 8, 2025, 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, 2024 and 2023, and have issued our report thereon dated January 8, 2025, 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
January 8, 2025

Skody Scot & Company, CPAs, PC

47TH STREET BUSINESS IMPROVEMENT DISTRICT, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2024

	<u>Total Expenses</u>	<u>Budget</u>
Salaries	\$ 152,000	\$ 100,000
Payroll taxes and benefits	13,800	26,000
Outside contractors	1,023,724	1,208,878
Depreciation	1,812	-
Design fees	10,800	30,000
Equipment and supplies	21,677	15,000
Insurance	35,578	35,000
Office expenses	12,880	5,700
Printing	26,239	45,150
Professional fees	4,069	16,500
Promotion and marketing	10,790	9,600
Rent and utilities	4,130	6,700
Telephone and communications	2,436	2,400
Total expenses	<u>\$ 1,319,935</u>	<u>\$ 1,500,928</u>