

STEINWAY STREET DISTRICT
MANAGEMENT ASSOCIATION, INC

AUDITED
FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Steinway Street District Management Association, Inc.

I have audited the accompanying financial statements of Steinway Street District Management Association, Inc., which comprise the statements of financial position as of June 30, 2021 and June 30, 2020 and the related statements of activities, functional 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.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Steinway Street District Management Association, Inc. as of June 30, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

I have audited the financial statements of Steinway Street District Management Association, Inc. as of June 30, 2020, and my report thereon dated November 16, 2020, expressed an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

Paul Sobryan, CPA, PLLC

New York, New York
December 3, 2021

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 AS OF JUNE 30,

	<u>Assets</u>	
<u>Assets</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 241,074	180,754
Property and equipment (net)	12,641	27,379
Total assets	<u>\$ 253,715</u>	<u>208,133</u>
<u>Liability and Net Assets</u>		
<u>Liability</u>		
Accounts payable	\$ 6,090	6,000
<u>Net Assets</u>		
Without donor restrictions	247,625	202,133
Total liability and net assets	<u>\$ 253,715</u>	<u>208,133</u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2021	2020
	Without Donor Restrictions	Without Donor Restrictions
<u>Revenue</u>		
BID assessments	\$ 460,000	460,000
Street fair		9,500
Interest	615	579
Total revenue	<u>460,615</u>	<u>470,079</u>
<u>Expenses</u>		
<u>Program</u>		
Sanitation	198,435	197,400
Security	7,062	4,497
Depreciation - security camera	14,737	15,637
Holiday decoration	26,500	26,500
Marketing and promotion	2,371	25,415
Streetscape and beautification	56,993	77,744
Total program expenses	<u>306,098</u>	<u>347,193</u>
<u>Management and general</u>		
Management fee	100,000	100,000
General and administrative expenses	9,025	14,100
Total management and general	<u>109,025</u>	<u>114,100</u>
<u>Total expenses</u>	<u>415,123</u>	<u>461,293</u>
Change in net assets	45,492	8,786
Net unrestricted assets at beginning of year	<u>202,133</u>	<u>193,347</u>
Net unrestricted assets at end of year	<u>\$ 247,625</u>	<u>202,133</u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 45,492	8,786
<u>Adjustments to reconcile change in net assets to cash flows</u>		
Depreciation	14,738	15,637
Increase/(decrease) in accounts payable	90	(1,158)
Total adjustments	<u>14,828</u>	<u>14,479</u>
Net cash provided by operating activities represent net increase in cash	<u>60,320</u>	<u>23,265</u>
Cash and cash equivalents at beginning of year	<u>180,754</u>	<u>157,489</u>
Cash and cash equivalents at end of year	<u>\$ 241,074</u>	<u>180,754</u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1

Organization

The Steinway Street District Management Association, Inc., (the "Association"), a not-for-profit organization, was incorporated in the State of New York in 1983. The purpose of the Association was to provide supplemental services in the Steinway Street Business Improvement District (the "SBID") in which it was created. The Association primarily receives its support from a special assessment on commercial properties located in the SBID, levied by the City of New York.

The Association is tax-exempt from federal income tax under Internal Revenue Code 501(c)(3) and similar provision of the State code.

Note 2

Significant Accounting Policies
Financial Statement Presentation

Basis of Presentation:

The financial statements of Steinway Street District Management Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires Steinway Street District Management Association to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets are to be segregated into two categories, "without donor restrictions" and "with donor restrictions"
- Qualitative and quantitative information relating to the management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the statement of financial position date
- An explanation of the methods used to allocate costs among programs and supporting functions

Cash and Cash Equivalents

Cash is primarily consisted of cash held in checking and saving accounts at major financial institutions. The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Leases

Leases are reviewed and classified as capital or operating at their inception in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification("ASC") Topic 840, Accounting for Leases.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 Significant Accounting Policies (continued)

Revenue Recognition

Revenue from unrestricted grants and contribution is recorded as without donor restrictions revenue and net assets when unconditionally pledged or received. Fundraising and special events revenue is recognized as revenue when the event occurs. Revenue from restricted grants is recorded as with donor restrictions revenue and net assets when conditionally pledged or received. Transfers are made to without donor restrictions revenue and net assets as costs are incurred or time restrictions or program restrictions have lapsed.

All other revenue is recorded when earned.

Expense Allocation

Expenses related directly to a program are allocated to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Other costs that are directly related to specific functions are allocated in their full amounts.

Net Assets

Net Assets Without Donor Restrictions - Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization.

The Organization's net assets without donor restrictions as of June 30, 2021 were \$247,625 and \$202,133 as of June 30, 2020.

Net Assets With Donor Restrictions - Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) or amounts for use in future periods (time restricted), and any amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment can be spent.

The Organization's net assets with donor restrictions as of June 30, 2021 and June 30, 2020 were \$0 in both years.

Grants and Contributions

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 Significant Accounting Policies (continued)

Activities and Revenue Recognition

The Association entered into contract with New York City Department of Small Business Services to provide supplemental municipal service to the SBID as defined in the contract. The Association recognizes its revenue when assessments are received from the City's allotment for the fiscal year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the property and equipment. The Organization capitalizes any asset it determines will be maintained for an extended period of time using the straight-line method over five years.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, grants and contract and program fees receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments. This measurement has remained the same as in prior years.

Management and General Expenses

The Association classifies expenses not directly related to the provision of the program services as management and general expenses.

Subsequent Events

Management has evaluated subsequent events and transactions that occurred after the statement of financial position date through December 3, 2021, the financial statement issuance date. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with accounting principles generally accepted in the United States of America. Except for the below-mentioned, management has determined that there are no other unrecognized subsequent events that require additional disclosure.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 Significant Accounting Policies (continued)
Subsequent Events (continued)

The Organization is coping with the risks presented by the novel coronavirus or COVID-19, which has spread and may continue to spread, to communities in which it operates and serves. The ultimate extent of the impact of the pandemic on the Organization’s business, financial condition, liquidity, results of operations and prospects will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration, the severity of, and the actions taken to control, the pandemic, and the short-term and long-term economic impact thereof.

Note 3 Management Fee and Related-Party Transactions

The Association shares common office space and certain support staff with Central Astoria Local Development Coalition, Inc., (“CALDC”), a non-profit organization. These costs, along with other management services provided by CALDC to the Association, were included as management fee under an agreement that ended on June 30, 2021 between the Association and CALDC. Management fees paid to CALDC for the years ended June 30, 2021 and 2020 were \$100,000 for each year. The agreement was renewed for a further three years from July 1, 2021 to June 30, 2024 with payments of \$105,000 for each year. In addition, certain board members of the Association are also board members of CALDC.

Note 4 Contingency

The contract of the Association with the City of New York is subject to audits by the City. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this date. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.

Note 5 Property and Equipment

The Association installed security cameras on various streets in the district. Total cost was \$229,083 as of June 30, 2021. Depreciation was provided for under the straight-line method.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>6/30/2021 Net</u>
Security camera (5 years)	\$ 229,083	\$ 216,442	\$ 12,641

Total depreciation expenses for years ending June 30, 2021 and 2020 were \$14,737 and \$15,637 respectively.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 6 Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year from the statement of financial position date for general operating purposes are as follows as of June 30, 2021:

Cash and cash equivalents	<u>\$ 241,074</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 241,074</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 7 Concentration

Financial instruments that potentially subject Steinway District Management Association to concentration risk consist principally of cash deposits. The Federal Deposit Insurance Corporation ("FDIC") insures accounts at each institution. Currently, the FDIC insures accounts for up to \$250,000 per depositor. Management believes the exposure to credit risk is minimal.

Funding for the Organization's program comes through special assessments levied on commercial properties by the City of New York which made up almost all of the Organization's funding for the year.

Note 8 Income taxes

Steinway District Management Association accounts for uncertainty in income taxes in accordance with *ASC topic, Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2021. However, the Organization's informational returns for 2020, 2019 and 2018 are subject to examinations by Federal and State jurisdictions.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 9 Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.