

STEINWAY STREET DISTRICT
MANAGEMENT ASSOCIATION, INC

AUDITED
FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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.

Opinion

I have audited the accompanying financial statements of Steinway Street District Management Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Steinway Street District Management Association, Inc., and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to the audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Steinway Street District Management Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards 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 would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 Steinway Street 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Steinway Street District Management Association, Inc's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other Matters

Other Information

I have audited the financial statements of Steinway Street District Management Association, Inc. as of June 30, 2022, and my report thereon dated December 2, 2022, 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 Soobyan, CPA, PLLC

New York, New York
October 16, 2023

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

	<u>Assets</u>		<u>2023</u>	<u>2022</u>
<u>Assets</u>				
Cash and cash equivalents	\$	355,653	274,398	
Grant receivable		12,500	0	
Property and equipment (net)		819	3,455	
Total assets	\$	<u>368,972</u>	<u>277,853</u>	
<u>Liability and Net Assets</u>				
<u>Liability</u>				
Accounts payable	\$	<u>15,593</u>	<u>11,200</u>	
<u>Net Assets</u>				
Without donor restrictions		<u>353,379</u>	<u>266,653</u>	
Total liability and net assets	\$	<u>368,972</u>	<u>277,853</u>	

See accompanying notes to financial statements.

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

	2023	2022
	Without Donor Restrictions	Without Donor Restrictions
<u>Revenue</u>		
Business Improvement District assessments	\$ 520,000	460,000
Business Improvement District Single District grant	50,000	0
Street fair	7,441	3,065
Interest	2,102	753
Total revenue	579,543	463,818
<u>Expenses</u>		
<u>Program</u>		
Sanitation	208,311	198,850
Security	5,450	5,365
Depreciation - security camera	2,636	9,186
Holiday decoration	26,350	26,350
Marketing and promotion/Single District expense	65,053	19,694
Streetscape and beautification	69,427	71,468
Total program expenses	377,227	330,913
<u>Management and general</u>		
Management fee	105,000	105,000
General and administrative expenses	10,590	8,877
Total management and general	115,590	113,877
<u>Total expenses</u>	492,817	444,790
Change in net assets	86,726	19,028
Net unrestricted assets at beginning of year	266,653	247,625
Net unrestricted assets at end of year	\$ 353,379	266,653

See accompanying notes to financial statements.

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

	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 86,726	19,028
<u>Adjustments to reconcile change in net assets to cash flows</u>		
Depreciation	2,636	9,186
Increase in grant receivable	(12,500)	0
Increase in accounts payable	4,393	5,110
Total adjustments	<u>(5,471)</u>	<u>14,296</u>
Net cash provided by operating activities represent net increase in cash	<u>81,255</u>	<u>33,324</u>
Cash and cash equivalents at beginning of year	<u>274,398</u>	<u>241,074</u>
Cash and cash equivalents at end of year	<u>\$ 355,653</u>	<u>274,398</u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 1 Organization

The Steinway Street District Management Association, Inc., (the “Association”), a nonprofit 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, 2023 AND 2022

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, 2023 were \$353,379 and \$266,653 as of June 30, 2022.

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, 2023 and June 30, 2022 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, 2023 AND 2022

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 October 16, 2023. 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, 2023 AND 2022

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 ends on June 30, 2024 between the Association and CALDC. Management fees paid to CALDC for the years ended June 30, 2023 and 2022 were \$105,000 and \$100,000 respectively. Future management fees will be \$105,000 per year until the agreement is renewed. 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, 2023. Depreciation was provided for under the straight-line method.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>6/30/2023 Net</u>
Security camera (5 years)	\$ 229,083	\$ 228,264	\$ 819

Total depreciation expenses for years ending June 30, 2023 and 2022 were \$2,636 and \$9,186 respectively.

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, 2023:

Cash and cash equivalents	\$ 355,653
Financial assets available to meet cash needs for general expenditures within one year	\$ 355,653

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.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 7 Grant Receivable
Grant receivable of \$12,500 was the balance due from a grant received from the Business Improvement District Single District. Payment is expected in 2023.

Note 8 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 makes up 98% of the Organization’s funding for the year.

Note 9 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, 2023. However, the Organization’s informational returns for 2019, 2020, and 2021 are subject to examinations by Federal and State jurisdictions.

Note 10 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.