

STEINWAY STREET DISTRICT
MANAGEMENT ASSOCIATION, INC

AUDITED
FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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 statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year 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, 2020 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.

Paul Soobryan, CPA, PLLC

New York, New York
November 16, 2020

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

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 180,754	157,489
Property and equipment (net)	<u>27,379</u>	<u>43,016</u>
Total assets	<u>\$ 208,133</u>	<u>200,505</u>
 <u>Liability and Net Assets</u> 		
<u>Liability</u>		
Accounts payable	\$ <u>6,000</u>	<u>7,158</u>
 <u>Net Assets</u>		
Without donor restrictions	<u>202,133</u>	<u>193,347</u>
Total liability and net assets	<u>\$ 208,133</u>	<u>200,505</u>

See accompanying notes to financial statements.

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

	2020	2019
	Without Donor Restrictions	Without Donor Restrictions
<u>Revenue</u>		
BID assessments	\$ 460,000	400,000
Street fair	9,500	9,500
Interest	579	514
Total revenue	470,079	410,014
<u>Expenses</u>		
<u>Program</u>		
Sanitation	197,400	186,235
Security	4,497	28,434
Depreciation - security camera	15,637	44,998
Holiday decoration	26,500	29,300
Marketing and promotion	25,415	10,076
Streetscape and beautification	77,744	74,461
Total program expenses	347,193	373,504
<u>Administrative and general</u>		
Management fee	100,000	98,000
General and administrative expenses	14,100	8,573
Total administrative and general	114,100	106,573
Total expenses	461,293	480,077
Change in net assets	8,786	(70,063)
Net unrestricted assets at beginning of year	193,347	263,410
Net unrestricted assets at end of year	\$ 202,133	193,347

See accompanying notes to financial statements.

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

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 8,786	(70,063)
<u>Adjustments to reconcile change in net assets to cash flows</u>		
Depreciation	15,637	44,998
Decrease in accounts payable	(1,158)	(12,867)
Total adjustments	<u>14,479</u>	<u>32,131</u>
Net cash provided by / (used in) operating activities	<u>23,265</u>	<u>(37,932)</u>
<u>Cash Flows From Investing Activities</u>		
Security camera	<u>0</u>	<u>(8,182)</u>
Net cash used in investing activities	<u>0</u>	<u>(8,182)</u>
Net increase / (decrease) in cash	23,265	(46,114)
Cash and cash equivalents at beginning of year	<u>157,489</u>	<u>203,603</u>
Cash and cash equivalents at end of year	<u>\$ 180,754</u>	<u>157,489</u>

See accompanying notes to financial statements.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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” as opposed to the previous requirement of three classes of net assets
- 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.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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.

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, 2020 were \$202,133 and \$193,347 as of June 30, 2019.

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, 2020 and June 30, 2019 were \$0.

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, 2020 AND 2019

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.

General and Administrative Expenses

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

Subsequent Events – Management has evaluated subsequent events and transactions that occurred after the statement of financial position date through November 16, 2020, 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, 2020 AND 2019

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 a contract that ends on June 30, 2021 between the Association and CALDC. Management fees paid to CALDC for the years ended June 30, 2020 and 2019 amounted to \$100,000 and \$98,000 respectively under the agreement. Future management fees will be \$105,000 for year ending 06/30/21. 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, 2020. Depreciation was provided for under the straight-line method.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Security camera (5 years)	\$ 229,083	\$ 201,704	\$ 27,379

Total depreciation expense for the year was \$15,637.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020:

Cash and cash equivalents	\$	180,754
Financial assets available to meet cash needs for general expenditures within one year	\$	180,754

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 98% 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, 2020. However, the Organization's informational returns for 2016, 2017 and 2018 are subject to examinations by Federal and State jurisdictions.

STEINWAY STREET DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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.