

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2020 AND 2019

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.**

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Hudson Square District Management Association, Inc.

We have audited the accompanying financial statements of Hudson Square District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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.

Auditor's Responsibility

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hudson Square District Management Association, Inc. as of June 30, 2020 and 2019, 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.

Skody Scot & Company, CPAs, P.C.

New York, NY
December 10, 2020

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 3,696,226	\$ 3,448,437
Cash restricted for bond improvement fund	3,154,625	4,877,744
Cash restricted for class F property fund	2,696,617	1,206,437
Contributions and other receivables	5,421	-
Prepaid expenses	12,252	45,314
Property and equipment, net	327,929	310,724
Bond issuance costs, net	214,983	224,467
	\$10,108,053	\$10,113,123

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 912,248	\$ 658,920
Deferred rent	14,286	8,777
Deferred class F property fund	2,696,617	1,206,437
Accrued bond interest	80,075	80,075
Bonds payable	9,243,000	9,243,000
Total liabilities	12,946,226	11,197,209
Commitments and contingencies (see notes)		
Net Assets/(Deficit):		
Without donor restrictions	(2,938,173)	(1,084,086)
With donor restrictions	100,000	-
Total net assets/(deficit)	(2,838,173)	(1,084,086)
Total liabilities and net assets/(deficit)	\$10,108,053	\$10,113,123

See accompanying notes to the financial statements.

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Assessment revenue	\$ 3,200,000	\$ -	\$ 3,200,000	\$ 2,500,000	\$ -	\$ 2,500,000
Program service income	31,938	-	31,938	34,517	-	34,517
Contributions	67,000	100,000	167,000	-	-	-
Government grants	12,000	-	12,000	-	-	-
Interest and other income	67,552	-	67,552	73,379	-	73,379
Total support and revenues	<u>3,378,490</u>	<u>100,000</u>	<u>3,478,490</u>	<u>2,607,896</u>	<u>-</u>	<u>2,607,896</u>
Expenses:						
Program expenses:						
Traffic and streetscape	1,061,722	-	1,061,722	732,976	-	732,976
Marketing and economic development	723,311	-	723,311	687,964	-	687,964
Public realm operations	728,613	-	728,613	753,746	-	753,746
Public realm improvements	2,253,282	-	2,253,282	57,318	-	57,318
Total program expenses	<u>4,766,928</u>	<u>-</u>	<u>4,766,928</u>	<u>2,232,004</u>	<u>-</u>	<u>2,232,004</u>
Management and general	465,649	-	465,649	421,646	-	421,646
Total expenses	<u>5,232,577</u>	<u>-</u>	<u>5,232,577</u>	<u>2,653,650</u>	<u>-</u>	<u>2,653,650</u>
Increase/(decrease) in net assets/(deficit)	(1,854,087)	100,000	(1,754,087)	(45,754)	-	(45,754)
Net assets/(deficit), beginning of year	(1,084,086)	-	(1,084,086)	(1,038,332)	-	(1,038,332)
Net assets/(deficit), end of year	<u>\$ (2,938,173)</u>	<u>\$ 100,000</u>	<u>\$ (2,838,173)</u>	<u>\$ (1,084,086)</u>	<u>\$ -</u>	<u>\$ (1,084,086)</u>

See accompanying notes to the financial statements.

**HUDSON SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Expenses				Supporting		Total Expenses
	Traffic & Streetscape	Marketing and Economic Development	Public Realm Operations	Public Realm Improvements	Total Program	Management and General	
Salaries	\$ 294,426	\$ 268,342	\$ 198,958	\$ -	\$ 761,726	\$ 85,613	\$ 847,339
Payroll taxes and benefits	41,997	40,634	31,566	-	114,197	9,615	123,812
Outside contractors	378,342	352,683	492,740	156,638	1,380,403	33,077	1,413,480
Computer maintenance	-	-	-	-	-	10,908	10,908
Depreciation & amortization	9,485	-	-	-	9,485	57,569	67,054
Insurance	-	-	-	-	-	10,348	10,348
Interest	318,560	-	-	-	318,560	-	318,560
Office expenses	570	7,284	494	-	8,348	16,436	24,784
Postage and delivery	1	681	-	-	682	147	829
Professional fees	12,459	9,776	1,350	11,087	34,672	67,669	102,341
Printing and copying	3	4,564	6	964	5,537	6,245	11,782
Rent and utilities	-	-	-	-	-	147,294	147,294
Repairs and maintenance	-	-	-	-	-	5,231	5,231
Special events and projects	5,461	38,262	-	2,084,593	2,128,316	26	2,128,342
Supplies	88	26	3,366	-	3,480	2,874	6,354
Telephone	-	-	-	-	-	12,036	12,036
Travel, hotels and meetings	330	1,059	133	-	1,522	561	2,083
Total expenses	<u>\$1,061,722</u>	<u>\$ 723,311</u>	<u>\$ 728,613</u>	<u>\$ 2,253,282</u>	<u>\$4,766,928</u>	<u>\$ 465,649</u>	<u>\$5,232,577</u>

See accompanying notes to the financial statements

**HUDSON SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Expenses				Supporting		Total Expenses
	Traffic & Streetscape	Marketing and Economic Development	Public Realm Operations	Public Realm Improvements	Total Program	Management and General	
Salaries	\$ 267,240	\$ 276,032	\$ 183,818	\$ -	\$ 727,090	\$ 83,129	\$ 810,219
Payroll taxes and benefits	44,562	45,168	23,326	-	113,056	11,930	124,986
Outside contractors	151,640	298,846	532,533	39,849	1,022,868	4,965	1,027,833
Computer maintenance	-	-	-	-	-	15,781	15,781
Depreciation & amortization	5,533	-	-	-	5,533	53,524	59,057
Insurance	-	-	-	-	-	12,159	12,159
Interest	224,737	-	-	-	224,737	-	224,737
Office expenses	688	7,093	367	34	8,182	15,941	24,123
Postage and delivery	-	1,956	-	1	1,957	2,534	4,491
Professional fees	33,440	8,640	2,180	17,236	61,496	72,537	134,033
Printing and copying	-	27,288	-	195	27,483	7,084	34,567
Rent and utilities	-	-	-	-	-	123,434	123,434
Repairs and maintenance	-	-	-	-	-	6,327	6,327
Special events and projects	3,881	22,905	-	-	26,786	-	26,786
Supplies	-	22	11,522	-	11,544	3,815	15,359
Telephone	-	-	-	-	-	8,132	8,132
Travel, hotels and meetings	1,255	14	-	3	1,272	354	1,626
Total expenses	<u>\$ 732,976</u>	<u>\$ 687,964</u>	<u>\$ 753,746</u>	<u>\$ 57,318</u>	<u>\$2,232,004</u>	<u>\$ 421,646</u>	<u>\$2,653,650</u>

See accompanying notes to the financial statements.

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
Cash flows from operating activities:		
Increase/(decrease) in net assets/(deficit)	\$ (1,754,087)	\$ (45,754)
Adjustments for non-cash items included in operating activities:		
Depreciation	57,569	53,524
Amortization of bond issue costs	9,485	5,533
Changes in assets and liabilities:		
Contributions and other receivables	(5,421)	-
Prepaid expenses	33,062	(36,324)
Accounts payable and accrued expenses	253,327	(4,577)
Deferred rent	5,509	2,901
Deferred class F property fund	1,490,180	6,933
Accrued bond interest	-	80,075
Net cash provided/(used) by operating activities	89,624	(17,764)
Cash flows from investing activities:		
Purchase of property and equipment	(74,774)	(43,503)
Net cash provided/(used) by investing activities	(74,774)	(43,503)
Cash flows from financing activities:		
Proceeds from bond issuance	-	9,243,000
Payment of bond issuance costs	-	(230,000)
Repayment of loans	-	(3,580,000)
Net cash provided/(used) by financing activities	-	5,433,000
Net increase/(decrease) in cash and cash equivalents	14,850	5,371,733
Cash and cash equivalents at beginning of year	9,452,543	4,080,810
Cash and cash equivalents at end of year	\$ 9,467,393	\$ 9,452,543
Supplemental information:		
Interest paid	\$ 318,560	\$ 144,662

See accompanying notes to the financial statements.

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Association

Hudson Square District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on April 21, 2009. The Association 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 Association does not believe its financial statements contain any uncertain tax positions. The Association primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the Hudson Square Business Improvement District (BID). The BID's original boundaries were approximately from West Houston Street to Canal Street, between 6th Avenue and Greenwich Street. In 2019, the boundaries were expanded and are approximately from Clarkson Street to Canal Street, between 6th Avenue and West Street.

The Association's programs include the following: Traffic and Streetscape - undertaking a variety of efforts aimed at easing the significant traffic congestion in the district and establishing a lively, active and creative street life and neighborhood with the purpose of encouraging pedestrian traffic that will help attract high quality and diverse retail uses to the neighborhood, and maximize green infrastructure; Marketing and Economic Development - creating a comprehensive retail strategy and a strong image for the district, and retaining and developing prospective business; Public Realm Operations - providing ongoing services to improve pedestrian safety conditions and maintain all physical improvements that are implemented by the Association on public land; and Public Realm Improvements - implementing capital improvements on public land throughout the district with the purpose of improving the streetscape environment.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Change in Accounting Principle

In fiscal year 2020, the Association adopted FASB ASU 2014-09 *Revenue from Contracts with Customers* using the full retrospective approach. Analysis of various provisions of the standards resulted in no significant changes in the way the Association recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (continued)

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.

Cash and Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Association considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit and treasury bills, with an original maturity of three months or less.

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 uncollectable receivables.

Property and Equipment

The Association 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 five to seven years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Net Assets

Net assets, revenues, 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.

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

The real estate assessment levied by the City is recorded by the Association when earned. The City remits these assessments to the Association in two installments. An allowance for doubtful accounts is not provided because all assessments are received in the current year. Assessment billing errors are recorded as a direct reduction of assessment revenue.

The Association 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 deferred revenue in the statements of financial position. As of June 30, 2020 and 2019, the Association did not have any conditional pledges that were not recognized.

All contributions are considered available for the Association's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted 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.

The Association received grants from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange type grant, all unreimbursed expenses, for approved purposes, as of year-end are recorded as receivables and any unexpended advances are recorded as refundable advances. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

Program service revenue relates to fees received in exchange for program services and consists of banner revenue. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred revenue.

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 Association allocates salaries and related expenses based on estimated time and effort. Other expenses, such as professional fees and office expenses, are allocated based on usage. The Association classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Unrestricted:		
Bank deposits and cash	\$ 3,696,226	\$ 3,448,437
Restricted for bond improvement fund:		
Money market funds	3,154,625	4,877,744
Restricted for class F property fund:		
Money market funds	<u>2,696,617</u>	<u>1,206,437</u>
	<u>\$ 9,547,468</u>	<u>\$ 9,532,618</u>

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 65,695	\$ 60,445
Furniture and fixtures	42,588	41,438
Plaza – Public fixtures	<u>516,608</u>	<u>448,234</u>
	624,891	550,117
Less: Accumulated depreciation	<u>(296,962)</u>	<u>(239,393)</u>
	<u>\$ 327,929</u>	<u>\$ 310,724</u>

The Association leases property from The Port Authority of New York and New Jersey for no charge under a lease which can be terminated by either party at any time with thirty days written notice. Certain improvements were made to this property by the Association. Upon termination or expiration of the lease, the Port Authority will reimburse the Association for the amortized value of the improvements made. The amortized value of the public plaza fixtures was \$315,689 and \$300,366 at June 30, 2020 and 2019, respectively.

In November 2016, the Association entered into an Art Loan Agreement with a board member to loan on a no-fee limited-term basis, a sculpture to the Association for temporary installation on the above leased property from the Port Authority. Throughout the term of this loan, the board member will provide and pay for arts insurance coverage. Additionally, the board member is responsible for all maintenance and transportation costs related to the art.

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 4 - Commitments

The Association leases office space under a five year noncancelable operating lease which expired on June 30, 2014, and was subsequently extended until June 30, 2019. On June 27, 2019, the Association extended its lease agreement for its office space. The extension agreement was effective on July 1, 2019, and expires on June 30, 2024. Total rent and related expense charged to operations for the years ended June 30, 2020 and 2019, was \$147,294 and \$123,434, respectively. As of June 30, 2020, minimum aggregate annual rentals are as follows:

Year ended June 30, 2021	\$ 133,981
2022	137,330
2023	145,890
2024	149,537

Note 5 - Loans Payable

In December 2015, the Association signed a term loan agreement (Bridge-Loan) with a major financial institution (Lender) allowing the Association to borrow up to \$11,000,000. As of June 30, 2018, the Association borrowed a total of \$3,580,000 in accordance with the provisions of this Bridge-Loan, leaving an unpaid principal balance of \$3,580,000. Interest accrued on the unpaid principal at a rate of 1.25% over the LIBOR rate and was due on a monthly basis. The Association also paid interest on the available unused credit amount at an annual rate of 0.45%, paid on a quarterly basis. The Bridge-Loan was secured by the future assessment income of the Association. During the year ended June 30, 2019, the entire unpaid loan balance was paid back to the lender.

Note 6 - Deferred Class F Property Fund

The Association receives funds which it is holding on behalf of the New York City Department of Parks and Recreation (DPR). The restricted funds plus any interest earned on the funds are required to be held in a separate bank account. These funds are to be paid out to a beneficiary to be determined at a later date. The Association may be a beneficiary of these funds or be part of a group of beneficiaries of these funds. As of June 30, 2020 and 2019, the Association is holding a total of \$2,696,617 and \$1,206,437, respectively, of these funds and recorded them as restricted cash and deferred class F property fund on the accompanying statements of financial position.

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 7 - Bonds Payable

In December 2018, the Association issued \$9,243,000 in private placement Capital Improvement Bonds, Series 2018 for the purpose of paying off existing loans and financing capital improvement projects. The Series 2018 Bonds are scheduled to mature in March 2043 and pay interest at 3.39%.

At June 30, 2020 and 2019, bonds payable amounted to:

	2020	2019
Series 2018	\$ 9,243,000	\$ 9,243,000

The projected final debt service payments on the bonds are as follows:

	Principal	Interest	Debt service
Year ended June 30, 2021	-	317,690	317,690
2022	148,336	317,690	466,026
2023	301,687	310,064	611,751
2024	311,332	300,419	611,751
2025	322,938	288,813	611,751
2026 & thereafter	8,158,707	2,852,808	11,011,515

Note 8 - Related Party Transactions

During the years ended June 30, 2020 and 2019, the Association had the following related party transactions with entities related to board members:

	2020	2019
Office rental	\$ 123,866	\$ 116,153

Note 9 - Pension Plans

Effective September 1, 2010, the Association adopted a qualified cash or deferred compensation plan under section 403(b) of the Internal Revenue Code. Under the plan, employees may elect to defer up to twenty percent (20%) of their salary, subject to Internal Revenue Service limits. In addition, the plan allows for the Association to make discretionary contributions based on the participant's salary. Employees are eligible for discretionary contributions after 12 months of service to the Association. Association contributions to the plan amounted to \$39,282 and \$31,774 for 2020 and 2019, respectively.

Effective January 15, 2011, the Association also adopted a qualified cash or deferred compensation plan under section 457(b) of the Internal Revenue Code. The plan is only available to the President of the Association. Under the plan, the President of the Association may elect to defer up to one hundred percent (100%) of salary, subject to Internal Revenue Service limits. In addition, the plan allows for the Association to make discretionary contributions based on the participant's salary. The President of the Association is eligible for discretionary contributions after six months of service to the Association. Association contributions to the plan amounted to \$0 and \$19,000 for 2020 and 2019, respectively.

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 10 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during fiscal years 2020 and 2019 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Banner revenue	\$ 31,938	\$ 26,817

Note 11 - Government Grants

During the years ended June 30, 2020, the Association was awarded a grant by a governmental entity. Total revenue recognized under the grant, specified by grant type, is as follows:

	<u>2020</u>	<u>2019</u>
Program restricted grant - NYC	\$ 12,000	\$ -

Note 12 - Liquidity and Availability of Financial Assets

The Association 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 Association 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 Association's financial assets, as of June 30, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 9,547,468	\$ 9,532,618
Contributions and other receivables	<u>5,421</u>	<u>-</u>
Total financial assets	9,552,889	9,532,618
Less those unavailable for general expenditures within one year:		
Cash restricted for class F property fund	(2,696,617)	(1,206,437)
Cash restricted for bond funds	<u>(3,154,625)</u>	<u>(4,877,744)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,701,647</u>	<u>\$ 3,448,437</u>

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 13 - Concentrations

The Association maintains its cash and cash equivalents 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 limits during the years ended June 30, 2020 and 2019.

Note 14 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through December 10, 2020, which is the date the financial statements were available to be issued.



Skody Scot & Company, CPAs, P.C.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of
Hudson Square District Management Association, Inc.

We have audited the financial statements of Hudson Square District Management Association, Inc. as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon dated December 10, 2020, 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 10, 2020

Skody Scot & Company, CPAs, PC

**HUDSON SQUARE DISTRICT
MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2020**

	<u>Total Expenses</u>	<u>Operating Budget</u>
Salaries	\$ 847,339	\$ 899,000
Payroll taxes and benefits	123,812	153,000
Outside contractors	1,413,480	2,217,000
Computer maintenance	10,908	13,000
Depreciation & amortization	67,054	-
Insurance	10,348	22,000
Interest	318,560	319,000
Office expenses	24,784	24,000
Postage and delivery	829	4,000
Professional fees	102,341	112,000
Printing and copying	11,782	6,000
Rent and utilities	147,294	143,000
Repairs and maintenance	5,231	7,000
Special events and projects	2,128,342	3,115,000
Supplies	6,354	4,000
Telephone	12,036	11,000
Travel, hotels and meetings	2,083	4,000
	<u>\$ 5,232,577</u>	<u>\$ 7,053,000</u>