

**HUB Third Avenue Merchants
District d/b/a: Management
Association, Inc.**

Financial Report
June 30, 2023

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Independent Auditor's Report

To the Board of Directors
HUB Third Avenue Merchants
District, d/b/a: Management Association, Inc.

Opinion

We have audited the financial statements of HUB Third Avenue Merchants District, d/b/a: Management Association, Inc. (the Organization) which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 would influence the judgment made by a reasonable user based on the 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 Feeding America'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 Feeding America'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.

GMA & ASSOCIATES, LLC

Stamford, Connecticut
February 9, 2024

HUB Third Avenue Merchants District Management Association, Inc
d/b/a District Management Association, Inc.

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash	\$ 9,193	\$ 2,216
Contribution receivable	-	14,500
Total assets	9,193	16,716
 Furniture and fixtures, net (Note 3)	 2,005	 127,996
Total assets	\$ 11,198	\$ 144,712
 Commitments and contingencies (Notes 5)		
Current liabilities		
Accounts payable and accrued expenses	\$ 127,749	\$ 112,094
Total liabilities	127,749	112,094
 Net assets:		
Net assets without donor restrictions	(116,552)	32,618
Total liabilities and net assets	\$ 11,198	\$ 144,712

See notes to financial statements

HUB Third Avenue Merchants District Management Association, Inc
d/b/a District Management Association, Inc.

Statements of Activities
Years Ended June 30, 2023 and 2022

	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
Operating Activities:				
Revenue:				
Assessment revenue	\$ 450,927	\$ -	\$ 450,927	\$ 450,927
Government grant	-	85,000	85,000	70,383
Foundation and trust grants	-	60,000	60,000	58,510
Other program contributions	28,000	-	28,000	107,766
Individual and corporate contributions	15,022	-	15,022	74,600
Interest income	-	-	-	81
	<u>493,949</u>	<u>145,000</u>	<u>638,949</u>	<u>762,267</u>
Net assets released from restriction	<u>145,000</u>	<u>(145,000)</u>	<u>-</u>	<u>-</u>
Total revenue and public support	<u>638,949</u>	<u>-</u>	<u>638,949</u>	<u>762,267</u>
Expenses:				
Program expenses	314,747	-	314,747	535,533
Fundraising	30,511	-	30,511	42,585
General and administrative	<u>363,424</u>	<u>-</u>	<u>363,424</u>	<u>454,093</u>
Total expenses	<u>708,682</u>	<u>-</u>	<u>708,682</u>	<u>1,032,211</u>
Changes in net assets before other items	<u>(69,733)</u>	<u>-</u>	<u>(69,733)</u>	<u>(269,944)</u>
Other items:				
Loss on disposal of fixed assets	(79,437)	-	(79,437)	-
Gain from PPP loan forgiveness	-	-	-	90,100
Changes in net assets	<u>(149,170)</u>	<u>-</u>	<u>(149,170)</u>	<u>(179,843)</u>
Net assets - Beginning of year	<u>32,618</u>	<u>-</u>	<u>32,618</u>	<u>212,461</u>
Net assets - End of year	<u><u>\$ (116,552)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (116,552)</u></u>	<u><u>\$ 32,618</u></u>

HUB Third Avenue Merchants District Management Association, Inc
d/b/a District Management Association, Inc.

Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	Program	Fundraising	General and Administrative	2023 Total	2022 Total
Expenses:					
Payroll expenses	\$ 119,442	\$ 25,413	\$ 109,277	\$ 254,132	\$ 340,447
Professional services	48,981	-	78,395	127,376	175,030
Rent	33,643	-	50,465	84,108	67,322
Insurance	-	-	50,282	50,282	46,564
Depreciation expense	-	-	46,554	46,554	32,780
Payroll taxes and fringe benefits	11,397	2,425	10,427	24,249	34,926
Event Staff	20,220	-	-	20,220	101,926
Event Lighting	19,810	-	-	19,810	38,300
Maintenance and repairs	14,514	-	-	14,514	22,595
Consultants	13,000	-	-	13,000	42,960
Charitable contributions	7,000	-	-	7,000	-
Catering	6,791	-	-	6,791	10,209
Advertising and marketing	3,825	2,673	-	6,498	9,477
Local transportation	3,801	-	2,534	6,335	22,458
Printing and copying	2,520	-	3,780	6,300	8,852
Communications	2,076	-	3,114	5,190	11,117
Cleaning services	4,145	-	-	4,145	3,525
Payroll service fees	-	-	3,375	3,375	2,706
Memberships and subscriptions	-	-	3,295	3,295	11,132
Meals and entertainment	1,280	-	1,654	2,934	8,983
Equipment rentals	2,000	-	-	2,000	5,695
Postage and mailing services	177	-	266	443	2,532
Office supplies	125	-	187	312	2,601
Business licenses and permits	-	-	(181)	(181)	565
BCRE Business Grant Fund	-	-	-	-	15,000
Supplies	-	-	-	-	14,211
Staff development	-	-	-	-	300
Total expenses	\$ 314,747	\$ 30,511	\$ 363,424	\$ 708,682	\$ 1,032,211

See notes to financial statements

**HUB Third Avenue Merchants District Management Association, Inc
d/b/a District Management Association, Inc.**

**Statements of Cash Flows
Years Ended June 30, 2023 and 2022**

	2023	2022
Cash flows from operating activities:		
Changes in net assets	\$ (149,170)	\$ (179,843)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	46,555	32,780
Gain from extinguishment of payroll protection program loans	-	(90,100)
Loss on disposal of fixed assets	79,437	
Changes in assets and liabilities:		
Accounts receivable	14,500	38,000
Accounts payable and accrued expenses	15,655	96,609
Net cash provided by (used in) operating activities	6,977	(102,554)
 Net increase (decrease) in cash	 6,977	 (102,554)
Cash:		
Beginning	2,216	104,770
Ending	\$ 9,193	\$ 2,216

See notes to financial statements

**HUB Third Avenue Merchants District
d/b/a: Management Association, Inc
Notes to Financial Statements**

Note 1. Organization and Purpose:

HUB Third Avenue Merchants District Management Association, Inc. d/b/a District Management Association, Inc. (the Organization) is a not-for-profit organization which was incorporated in September 1983, under the laws of the state of New York. The Organization has signed a contract with New York City Department of Business Services to provide certain supplemental services in the 149th Street – 3rd Avenue section of the Bronx, New York. These services include those relating to maintenance, sanitation, holiday and seasonal decorations, local business promotion, and capital improvement programs.

The Organization is a tax-exempt organization and, accordingly, is not subject to income tax in accordance with §501(c)(3) of the Internal Revenue Code (the "Code"). Contributions to the Organization are tax deductible to contributors as provided by law. The Organization has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization under the applicable sections of the Code. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Organization had no unrelated business income for the years ended June 30, 2023, and 2022.

Note 2. Nature of Activities and Significant Accounting Policies

A summary of the Organization's significant accounting policies follows:

Basis of Accounting presentation: The financial statements of the Organization have been prepared in the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, with guidance as issued by the Financial Accounting Standards Board (FASB) relating to financial statements of nonprofit organizations. As such, the financial statements are presented on the basis of the net assets of the Organization are reported as follows:

Descriptions of the classes of net assets of the Organization are reported as follows:

- **With Donor Restrictions:** This class consist of net asset resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization's, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities. Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise be removed by actions of the Organization are classified as net assets with donor restrictions – perpetual in nature.
- **Without Donor Restrictions:** This class consists of the part of net assets that is not restricted by donor-imposed stipulations.

Estimates: The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

Note 2. Nature of Activities and Significant Accounting Policies (Continued)

Grants and Contribution Revenue Recognition:

Grants and contribution revenue recognition revenue is recognized when earned and assessment revenue is recognized when assessments are made. Revenue from contribution revenue is recognized when earned. Contributions are earned and recognized when cash or other assets, and unconditional promise to give, or notification of a beneficial interest is received.

The Organization is also supported by grants received from the local government and private organizations. Revenue from a grant that is not subject to conditions is recognized when the Organization obtains control of the funds, economic benefits are probable, and the amount can be measured reliably. If conditions are attached to a grant which must be satisfied before the Organization is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied. The Organization's revenue is derived from funds under a five-year contract with the New York City Department of Small Business Services (the City of New York). The current annual contract amount of \$450,927, with the City of New York expires on June 30, 2027.

The primary source of these funds is a special assessment, which is levied on property owners with the Business Improvement District.

Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, direct costs have been allocated among the various program and supporting-service categories based on the nature of the expense as determined by management. Indirect costs have been allocated on the basis of utilization.

Cash:

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Organization maintains its cash in bank deposits, which, at times, may exceed federally insured limits.

Contribution receivable:

The Organization reports unconditional promises to give as contributions. If the outstanding contributions are expected to be collected in less than one year, they are recorded at the estimated amount to be ultimately realized. If outstanding contributions are to be paid to the Organization over a period of years, they are recorded at the present value of their estimated cash flows using the prime rate of the calendar - year in the year of donation. Contribution receivable amounts due in excess of one year after June 30, 2023, are reflected net of an allowance for uncollectible amounts based on management's judgement, past payment experience, and other relevant factors and have been discounted to net realizable value.

Financial Instruments:

The Organization manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts.

Note 2. Nature of Activities and Significant Accounting Policies (Continued)

Furniture and equipment:

The Organization records furniture and fixture at cost at the date of purchase, or if donated, at fair value at the date of donation. The Organization's fixed asset capitalization policy is set at \$1,000; otherwise, any fixed asset purchased below the capitalization policy is expensed in the period cost is incurred. Depreciation is computed and charged to operations using the straight-line method over the estimated useful life of 3-7 years. Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for betterments and major renewals are capitalized. The cost of assets sold or retired, and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal.

Income taxes:

The Organization is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, Income Taxes, relating to accounting and reporting for uncertainty in income taxes. Because of Organization's general tax-exempt status, ASC Topic 740 has not had, and is not expected to have, a material impact on its financial statements.

The Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. Based on management's evaluation of its tax positions on June 30, 2023, the Organization had no liabilities for uncertain tax positions.

Leases:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires lessees, with lease term of more than 12, months, to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented, or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, i.e., the comparatives under ASC 840 option.

The Organization adopted Topic 842 on July 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. The Organization elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Organization did not elect the hindsight practical expedient in determining the lease term for existing leases as of July 1, 2022.

At the time of adoption, the Organization only had month-to-month operating leases, and had no lease agreements qualifying for capitalization and; therefore, no adjustment was needed at July 1, 2022.

**HUB Third Avenue Merchants District
d/b/a: Management Association, Inc
Notes to Financial Statements**

Note 3. Furniture and equipment

The Organization's furniture and equipment as of June 30, 2023, and 2022 was as follow:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 18,035	\$ 198,230
Less accumulated depreciation	<u>(16,030)</u>	<u>(70,234)</u>
	<u>\$ 2,005</u>	<u>\$ 127,996</u>

Note 4. Related Party Transactions

During the years ended June 30, 2023, and 2022, the Organization leases its facility (Note 5) from a member who also serves on the Organization's Board of Directors.

Note 5. Lease

The Organization has several month-to-month operating leases for use to support its programs, office space and storage space in New York. For the years ending June 30, 2023, and 2022, rent expenses were \$84,108 and \$67,322, respectively.

Note 6. Information Regarding Liquidity and Availability of Resources

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. 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, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Organization's financial assets as of June 30, 2023, consist of cash, all of which are available to meet general expenditures within one year of the financial statement date.

Financial assets, at year end:	
Cash and cash equivalent	<u>\$ 9,193</u>
Financial assets available to meet cash needs	
for general expenditures within one year	<u>\$ 9,193</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 7. Subsequent Events

Subsequent events have been evaluated through February 9, 2024, the date the financial statements were available to be issued.

GMA & Associates, LLC

60 Old New Milford Road, Suite 1F
Brookfield, Connecticut 06804

Supplementary Report on Compliance Based on the Audit of the Basic Financial Statements

To the Board of Directors
HUB Third Avenue Merchants
District Management Association, Inc.

We have audited the basic financial statements of HUB Third Avenue Merchants District Management Association, Inc. d/b/a: Management Association, Inc. (the Organization), as of and for the year ended June 30, 2023, and have issued a report thereon dated February 9, 2024.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States of America. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with the laws, regulations, contracts, and grant applicable to HUB Third Avenue Merchants District Management Association, Inc. d/b/a: Management Association, Inc.. is the responsibility of the Organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Organization's compliance with such provisions of laws, regulations, contracts and grants. However, the objective of our audit of the basic financial statements was not to provide an opinion on the overall compliance with such provisions; accordingly, we do not express such an opinion.

This communication is intended solely for the information and use of management, the audit committee, and any Governmental Authorities to which the auditor is required to report.

GMA & ASSOCIATES, LLC

Stamford, Connecticut
February 9, 2024