

**HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2025

**HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)**

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Hub-Third Avenue Merchants District Management Association Inc.
(d/b/a Third Avenue Business Improvement District)

Opinion

We have audited the financial statements of Hub-Third Avenue Merchants District Management Association Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Hub-Third Avenue Merchants District Management Association Inc. as of June 30, 2025, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hub-Third Avenue Merchants District Management Association Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Hub-Third Avenue Merchants District Management Association Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 could reasonably be expected to influence the judgment made by a reasonable user based on these 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 Hub-Third Avenue Merchants 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hub-Third Avenue Merchants District Management Association Inc.'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.

New York, NY
December 22, 2025

Skody Scot & Company, CPAs, P.C.

HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

| | |
|------------------------------|-------------------|
| Cash | \$ 60,642 |
| Government grants receivable | 137,055 |
| Prepaid expenses | 1,496 |
| Property and equipment, net | 2,487 |
| Total assets | <u>\$ 201,680</u> |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------|---------------|
| Liabilities: | |
| Accounts payable and accrued expenses | \$ 27,855 |
| Total liabilities | <u>27,855</u> |

| | |
|----------------------------------|-------------------|
| Net Assets: | |
| Without donor restrictions | 173,825 |
| With donor restrictions | - |
| Total net assets | <u>173,825</u> |
| Total liabilities and net assets | <u>\$ 201,680</u> |

See accompanying notes to the financial statements.

HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Support and Revenues:

Without donor restrictions:

| | |
|----------------------------|----------------|
| Assessment revenue | \$ 450,927 |
| Government grants | 168,941 |
| Contributions | 2,000 |
| Total support and revenues | <u>621,868</u> |

Expenses:

Program services:

| | |
|-------------------------|----------------|
| Sanitation | 178,409 |
| Public safety | 35,008 |
| Marketing and promotion | 35,744 |
| Total program expenses | <u>249,161</u> |

Supporting services:

| | |
|------------------------|----------------|
| Management and general | 260,884 |
| Fundraising | 8,183 |
| Total expenses | <u>518,228</u> |

| | |
|-----------------------------------|--------------------------|
| Increase/(decrease) in net assets | 103,640 |
| Net assets, beginning of year | <u>70,185</u> |
| Net assets, end of year | <u><u>\$ 173,825</u></u> |

See accompanying notes to the financial statements.

**HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2025**

| | Program Services | | | | Supporting Services | | |
|-------------------------------------|-------------------|------------------|-------------------------|-------------------|------------------------|-----------------|-------------------|
| | Sanitation | Public Safety | Marketing and Promotion | Total Program | Management and General | Fundraising | Total Expenses |
| Salaries | \$ 120,645 | \$ 6,482 | \$ 6,483 | \$ 133,610 | \$ 164,957 | \$ 6,433 | \$ 305,000 |
| Payroll taxes | 11,432 | 615 | 615 | 12,662 | 15,628 | 615 | 28,905 |
| Consultants and outside contractors | 13,200 | 27,250 | 13,925 | 54,375 | 30,690 | - | 85,065 |
| Depreciation | - | - | - | - | 1,383 | - | 1,383 |
| Holiday lighting | - | - | 4,400 | 4,400 | - | - | 4,400 |
| Insurance | - | - | - | - | 8,874 | - | 8,874 |
| Occupancy | 8,819 | 474 | - | 9,293 | 13,876 | 948 | 24,117 |
| Office supplies and expenses | 1,917 | - | 225 | 2,142 | 10,246 | - | 12,388 |
| Professional fees | - | - | - | - | 7,760 | - | 7,760 |
| Promotion | - | - | 5,704 | 5,704 | - | - | 5,704 |
| Subscriptions | 3,485 | 187 | 187 | 3,859 | 4,767 | 187 | 8,813 |
| Supplies and equipment | 18,911 | - | 2,036 | 20,947 | - | - | 20,947 |
| Telephone and communications | - | - | - | - | 384 | - | 384 |
| Travel and meetings | - | - | 2,169 | 2,169 | 2,319 | - | 4,488 |
| Total expenses | <u>\$ 178,409</u> | <u>\$ 35,008</u> | <u>\$ 35,744</u> | <u>\$ 249,161</u> | <u>\$ 260,884</u> | <u>\$ 8,183</u> | <u>\$ 518,228</u> |

See accompanying notes to the financial statements.

HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

| | |
|---------------------------------------------------------------------|-------------------------|
| Cash flows from operating activities: | |
| Increase/(decrease) in net assets | \$ 103,640 |
| Adjustments for non-cash items included in operating activities: | |
| Depreciation | 1,383 |
| (Increases)/decreases in assets: | |
| Government grants receivable | (121,555) |
| Prepaid expenses | 2,315 |
| Increases/(decreases) in liabilities: | |
| Accounts payable and accrued expenses | 16,433 |
| Net cash provided/(used) by operating activities | <u>2,216</u> |
| Cash flows from investing activities | <u>-</u> |
| Cash flows from financing activities | <u>-</u> |
| Net increase/(decrease) in cash | 2,216 |
| Cash, beginning of year | <u>58,426</u> |
| Cash, end of year | <u><u>\$ 60,642</u></u> |

See accompanying notes to the financial statements.

**HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Association

Hub-Third Avenue Merchants District Management Association Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on June 9, 1983. On November 1, 2021, the Association filed a certificate of assumed name with the State of New York. In accordance with the certificate of assumed name, the Association has been doing-business-as (d/b/a) Third Avenue Business Improvement District. The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for federal, state or local income taxes has been recorded. The Association does not believe its financial statements include 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 Hub-Third Avenue Business Improvement District (District) in the borough of the Bronx and from government grants. The District's boundaries are approximately from Third Avenue from around 148th Street to 153rd Street, including parts of Willis Avenue, 149th Street, and Westchester Avenue.

The Association's programs include the following: Sanitation - maintaining clean streets, curbs, and sidewalks, and providing garbage removal services; Public Safety - providing increased public security; Marketing and Promotion - promoting the district to residents and tourists and retaining and developing prospective businesses.

Basis of Accounting

The financial statements of the Association have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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.

Receivables

Government grants receivable are reported at their net realizable value. Government grants receivable expected to be collected in future years are recorded at the present value of estimated future cash flows. Uncollectible grants are written off in the period in which the amount is determined uncollectible. As of June 30, 2025, all government grant receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectible receivables.

HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Association capitalizes certain property and equipment with estimated lives of two 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 from three to six years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Net Assets

Net assets, revenue, 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 of directors 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.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Association allocates salaries and payroll taxes based on estimated time and effort, and occupancy and subscriptions based on usage. The Association classifies expenses which are not directly related to a specific program or fundraising as management and general expenses.

**HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The real estate assessment levied by the City is recognized by the Association ratably throughout the year. The City remits these assessments to the Association in two installments (July and January) during the fiscal year, and each payment covers the successive six-month periods. Assessment billing errors are recorded as a direct reduction of assessment revenue. Any significant discrepancies due to changes in total amounts assessed are recorded as receivables in the statement of financial position.

The Association recognizes contributions when cash and other financial assets, nonfinancial assets/services, or unconditional promises to give are 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 refundable advances in the statement of financial position. As of June 30, 2025, 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 for a purpose 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 receives grants from governmental agencies that are structured as expense reimbursement grants, requiring approved expenditures to be incurred prior to reimbursement. Government grants revenue is recognized in the period in which the qualifying expenditures are incurred. Amounts expended but not yet reimbursed by the governmental agencies are reported as receivables in the statement of financial position.

Note 2 - Property and Equipment

Property and equipment by major class consist of the following at June 30, 2025:

| | |
|--------------------------------|------------------|
| Furniture and equipment | \$ 19,586 |
| Less: accumulated depreciation | <u>(17,099)</u> |
| | <u>\$ 2,487</u> |

During the year ended June 30, 2025, the Association wrote off \$1,852 of fully depreciated equipment no longer in use.

HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)
NOTES TO FINANCIAL STATEMENTS

Note 3 - Concentrations

The Association maintains its bank account with a financial institution. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balance of the account has exceeded the insured limits during the year ended June 30, 2025.

Note 4 - Government Grants

During the year ended June 30, 2025, the Association was awarded grants by government agencies. Total revenue recognized from these grants during the year ended June 30, 2025, is as follows:

| | |
|---------------|-------------------|
| New York City | \$ <u>168,941</u> |
|---------------|-------------------|

Note 5 - 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, 2025, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

| | |
|----------------------------------------------------------------------------------------|-------------------|
| Financial assets: | |
| Cash | \$ 60,642 |
| Receivables | <u>137,055</u> |
| Total financial assets | 197,697 |
| Less those unavailable for general expenditures within one year | <u>-</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u>197,697</u> |

Note 6 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through December 22, 2025, which is the date the financial statements were available to be issued.



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors of
Hub-Third Avenue Merchants District Management Association Inc.
(d/b/a Third Avenue Business Improvement District)

We have audited the financial statements of Hub-Third Avenue Merchants District Management Association Inc. as of and for the year ended June 30, 2025, and have issued our report thereon dated December 22, 2025, 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.

Skody Scot & Company, CPAs, PC

New York, NY
December 22, 2025

HUB-THIRD AVENUE MERCHANTS DISTRICT MANAGEMENT ASSOCIATION INC.
(D/B/A THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT)
SCHEDULE OF EXPENSES AND BUDGET
(Supplementary Financial Information)
YEAR ENDED JUNE 30, 2025

| | Total Expenses | Budget |
|-------------------------------------|---------------------------|---------------|
| Salaries | \$ 305,000 | \$ 240,750 |
| Payroll taxes | 28,905 | 26,750 |
| Consultants and outside contractors | 85,065 | 95,764 |
| Depreciation | 1,383 | - |
| Holiday lighting | 4,400 | 27,645 |
| Insurance | 8,874 | 19,000 |
| Occupancy | 24,117 | 26,931 |
| Office supplies and expenses | 12,388 | 5,869 |
| Professional fees | 7,760 | 21,850 |
| Promotion | 5,704 | 6,032 |
| Subscriptions | 8,813 | 7,835 |
| Supplies and equipment | 20,947 | 16,739 |
| Telephone and communications | 384 | 1,962 |
| Travel and meetings | 4,488 | 1,173 |
| | \$ 518,228 | \$ 498,300 |