FLATIRON/23RD STREET PARTNERSHIP DISTRICT MANAGEMENT ASSOCIATION, INC.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

JUNE 30, 2023 AND 2022

FLATIRON/23RD STREET PARTNERSHIP
DISTRICT MANAGEMENT ASSOCIATION, INC.

Index

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Flatiron/23rd Street Partnership
District Management Association, Inc.

Opinion

We have audited the financial statements of Flatiron/23rd Street Partnership District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, expenses, and cash flows for the years 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 Flatiron/23rd Street Partnership District Management Association, Inc. 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 Flatiron/23rd Street Partnership District Management Association, Inc. and 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 Flatiron/23rd Street Partnership District Management Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 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 Flatiron/23rd Street Partnership 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 Flatiron/23rd Street Partnership 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.

Skody Scot & Company, CPAS, P.C.

New York, NY
November 20, 2023

FLATIRON/23RD STREET PARTNERSHIP
DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash	$ 3,852,900	$ 2,576,983
Investments	1,375,706	1,325,990
Program revenue receivable	38,158	-
Contributions and others receivable	31,347	101,151
Prepaid expenses	24,402	16,707
Property and equipment, net	20,302	25,349
Right of use assets - operating lease	843,274	1,022,939
Security deposits receivable	45,738	45,738
Total assets	$ 6,231,827	$ 5,114,857
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 449,816	$ 422,804
Lease liabilities - operating lease	872,629	1,022,939
Plaza security deposits payable	18,750	18,750
Total liabilities	1,341,195	1,464,493
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	4,540,670	3,650,364
With donor restrictions	349,962	-
Total net assets	4,890,632	3,650,364
Total liabilities and net assets	$ 6,231,827	$ 5,114,857

See accompanying notes to the financial statements.

FLATIRON/23RD STREET PARTNERSHIP
DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Assessment revenue	$ 6,000,000	$ -	$ 6,000,000	$ 5,269,178	$ -	$ 5,269,178
Program service income	522,602	-	522,602	461,445	-	461,445
Contributions	374,331	349,962	724,293	445,686	-	445,686
Government grants	40,000	-	40,000	62,500	-	62,500
Investment return	107,887	-	107,887	6,370	-	6,370
Total support and revenues	7,044,820	349,962	7,394,782	6,245,179	-	6,245,179
Expenses:						
Program expenses:						
Safety	488,618	-	488,618	400,351	-	400,351
Sanitation	2,542,544	-	2,542,544	2,025,172	-	2,025,172
Marketing	720,107	-	720,107	882,321	-	882,321
Social services	272,604	-	272,604	158,136	-	158,136
Public improvements	1,517,239	-	1,517,239	1,204,804	-	1,204,804
Total program expenses	5,541,112	-	5,541,112	4,670,784	-	4,670,784
Management and general	590,804	-	590,804	420,411	-	420,411
Fundraising	22,598	-	22,598	26,585	-	26,585
Total expenses	6,154,514	-	6,154,514	5,117,780	-	5,117,780
Increase/(decrease) in net assets	890,306	349,962	1,240,268	1,127,399	-	1,127,399
Net assets, beginning of year	3,650,364	-	3,650,364	2,522,965	-	2,522,965
Net assets, end of year	$ 4,540,670	$ 349,962	$ 4,890,632	$ 3,650,364	$ -	$ 3,650,364

See accompanying notes to the financial statements.

FLATIRON/23RD STREET PARTNERSHIP
DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Expenses						**Supporting**		
	Safety	Sanitation	Marketing	Social Services	Public Improvements	Total Program	Management and General	Fundraising	Total Expenses
Personnel costs:									
Executive salaries	$ 38,250	$ 38,250	$ 38,250	$ 38,250	$ 51,001	$ 204,001	$ 38,250	$ 12,750	$ 255,001
Program managers	74,554	74,904	117,564	48,354	123,476	438,852	46,417	6,900	492,169
Support salaries	9,030	3,550	155,832	12,580	112,221	293,213	53,763	-	346,976
Payroll taxes and benefits	15,540	14,654	48,432	13,579	49,244	141,449	15,651	2,948	160,048
Outside contractors	328,440	2,288,534	110,863	159,841	981,782	3,869,460	31,251	-	3,900,711
Total personnel costs	465,814	2,419,892	470,941	272,604	1,317,724	4,946,975	185,332	22598	5,154,905
Direct expenses:									
Amortization	-	-	-	-	-	-	5,047	-	5,047
Bad debt	-	-	-	-	-	-	14,375	-	14,375
Insurance	-	-	-	-	-	-	50,268	-	50,268
Rent and maintenance	22,804	52,708	-	-	-	75,512	193,957	-	269,469
Office expense	-	-	-	-	-	-	86,645	-	86,645
Professional fees	-	-	-	-	-	-	38,069	-	38,069
Program equipment	-	66,924	-	-	103,828	170,752	-	-	170,752
Special projects and events	-	199	196,458	-	83,709	280,366	-	-	280,366
Supplies	-	2,821	52,708	-	11,978	67,507	11,106	-	78,613
Telephone	-	-	-	-	-	-	6,005	-	6,005
Total direct expenses	22,804	122,652	249,166	-	199,515	594,137	405,472	-	999,609
Total expenses	$488,618	$2,542,544	$720,107	$272,604	$ 1,517,239	$5,541,112	$ 590,804	$ 22,598	$6,154,514

See accompanying notes to the financial statements.

FLATIRON/23RD STREET PARTNERSHIP
DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Expenses						Supporting		
	Safety	Sanitation	Marketing	Social Services	Public Improvements	Total Program	Management and General	Fundraising	Total Expenses
Personnel costs:									
Executive salaries	$ 24,055	$ 24,055	$ 48,110	$ 36,083	$ 84,192	$ 216,495	$ 12,277	$ 11,778	$ 240,550
Program managers	57,200	50,850	108,375	25,425	114,650	356,500	25,500	12,750	394,750
Support salaries	3,250	3,250	84,381	3,250	61,980	156,111	21,101	-	177,212
Payroll taxes and benefits	10,137	9,487	31,798	7,786	35,593	94,801	27,875	2,057	124,733
Outside contractors	304,397	1,775,255	249,993	85,314	807,423	3,222,382	6,548	-	3,228,930
Total personnel costs	399,039	1,862,897	522,657	157,858	1,103,838	4,046,289	93,301	26,585	4,166,175
Direct expenses:									
Amortization	-	-	-	-	-	-	5,047	-	5,047
Insurance	-	-	-	-	-	-	51,175	-	51,175
Rent and maintenance	-	-	-	-	-	-	163,348	-	163,348
Office expense	-	-	-	-	-	-	46,098	-	46,098
Professional fees	-	-	-	-	-	-	43,755	-	43,755
Program equipment	426	162,275	854	-	45,963	209,518	-	-	209,518
Special projects and events	886	-	316,291	-	50,367	367,544	-	-	367,544
Supplies	-	-	42,519	278	4,636	47,433	13,259	-	60,692
Telephone	-	-	-	-	-	-	4,428	-	4,428
Total direct expenses	1,312	162,275	359,664	278	100,966	624,495	327,110	-	951,605
Total expenses	$400,351	$2,025,172	$ 882,321	$ 158,136	$ 1,204,804	$4,670,784	$ 420,411	$ 26,585	$5,117,780

See accompanying notes to the financial statements.

FLATIRON/23RD STREET PARTNERSHIP
DISTRICT MANAGEMENT ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Increase/(decrease) in net assets	$ 1,240,268	$ 1,127,399
Adjustments for non-cash items included in operating activities:		
Investment (gains)/losses	(11,239)	914
Bad debt	14,375	-
Amortization	5,047	5,047
Amortization of right of use asset	179,665	183,181
Changes in assets and liabilities:		
Program revenue receivable	(38,158)	-
Contributions and other receivables	55,429	106,299
Prepaid expenses	(7,695)	2,973
Accounts payable and accrued expenses	27,012	60,431
Payment of operating lease liability	(150,310)	(183,181)
Net cash provided/(used) by operating activities	1,314,394	1,303,063
Cash flows from investing activities:		
Purchase of property and equipment	-	(750)
Redemption of debt securities	1,326,459	-
Purchase of debt securities	(1,364,936)	(1,326,904)
Net cash provided/(used) by investing activities	(38,477)	(1,327,654)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	1,275,917	(24,591)
Cash, at beginning of year	2,576,983	2,601,574
Cash, at end of year	$ 3,852,900	$ 2,576,983
Supplemental information:		
Recognition of right of use asset	$ -	$ 326,011
Operating lease liability	-	(326,011)

See accompanying notes to the financial statements.

Note 1 – Summary of Significant Accounting Policies

The Association

Flatiron/23rd Street Partnership District Management Association, Inc. (Association) doing business under the assumed name Flatiron NoMad Partnership, a not-for-profit organization, was incorporated in the State of New York on April 11, 2006. 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 provisions. 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 Flatiron/23rd Street Business Improvement District (BID). The BID's boundaries are approximately from 20th to 31st Streets and from Sixth Avenue up to, but not including, Third Avenue.

The Association's programs include the following: Safety - providing increased public security through a combination of uniformed guards and a working relationship with the New York City Police Department; Sanitation - maintaining clean streets/curbs/sidewalks and graffiti removal; Marketing - promoting the district to residents and tourists and retaining and developing prospective businesses; Social Services - coordinating and interacting with other social service organizations, including homeless outreach, located in the district; and Public Improvements - developing and implementing improvements to the district such as neighborhood beautification and other capital projects.

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.

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.

Reclassifications

Certain amounts on the financial statements as of and for the year ended June 30, 2022 were reclassified to conform with changes in financial statement presentation as of and for the year ended June 30, 2023.

Investments

All investments are measured at fair value on a recurring basis and are reported at their fair values as of June 30, 2023 and 2022, in the statements of financial position

Note 1 – Summary of Significant Accounting Policies (Continued)

Receivables

The Association records contributions receivable, net of allowances for estimated uncollectible amounts, if any, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received.

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. Leasehold improvements are amortized by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are expensed as incurred, and major renewals and betterments are capitalized.

Lease Liability and Right Of Use Asset

The Association entered into operating lease agreements for its office space to obtain right of use (ROU) assets. The lease liabilities and ROU assets represent its lease obligations and rights to use the leased assets over the period of the leases and are recognized when the Association enters into the lease. The lease payments are discounted using a rate determined when the lease is recognized. Since the Association's leases do not provide a stated rate, the Association uses its incremental borrowing rate based on the information available at the time the lease is signed. The related operating lease ROU assets may differ from the operating lease liabilities due to deferred or prepaid lease payments. The Association has elected to apply the short-term lease exception to all leases with a term of one year or less.

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 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.

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.

Program service revenue relates to fees received in exchange for program services and mainly consists of payments related to public plaza events and sub-concession fees, and other marketing fees. The Association's program service revenue generally contains a single delivery/service element and revenue is recognized at a single point in time when ownership, risk and rewards transfer, and all performance obligations are considered to be satisfied. Any revenue received which has not been earned is recorded as deferred revenue.

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 statements of financial position. As of June 30, 2023, a contribution totaling $120,000 has not been recognized in the accompanying statement of activities due to unmet grant conditions. The recognition of this contribution is conditioned on the Association meeting certain project milestones.

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 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.

Investment income (interest and dividends) is recognized as revenue in the period earned, and gains and losses (realized and unrealized) are recognized in the period they occur.

Note 1 – Summary of Significant Accounting Policies (Continued)

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 and rent and maintenance based on usage. The Association classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Note 2 – Investments

Investments in United States Treasury Bills include the following fair market values and unrealized appreciation/(depreciation) at June 30, 2023 and 2022:

	2023	2022
Fair market value (level 2)	$ 1,375,706	$ 1,325,990
Adjusted cost	1,364,467	1,326,904
Unrealized appreciation/(depreciation)	$ 11,239	$(914)

Note 3 – Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2023 and 2022:

	2023	2022
Leasehold improvements	$ 35,336	$ 35,336
Less: Accumulated amortization	(15,034)	(9,987)
	$ 20,302	$ 25,349

Note 4 – Fair Value Measurement of Investments

The Financial Accounting Standards Board (FASB) requires enhanced disclosures about investments that are measured and reported at fair value. FASB establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Investments falling within Level 1 of the fair value hierarchy are valued using inputs based upon quoted prices in active markets for identical investments. Investments that are typically included in Level 1 are listed equity securities, publicly traded mutual funds, and exchange traded funds.

Level 2: Investments falling within Level 2 of the fair value hierarchy are valued using significant observable inputs other than prices quoted in active markets. Examples of Level 2 inputs are model-driven prices, quoted prices for similar investments in active markets, and quoted prices for identical or similar investments in inactive markets. Investments that are typically included in Level 2 are municipal bonds, corporate bonds, and government debt securities.

Level 3: Investments falling within Level 3 of the fair value hierarchy are valued using methodology that is unobservable and significant to the fair value measurement. Level 3 inputs require significant management judgment or estimation. Investments that are typically included in this category are investments in limited partnerships, and investments in private companies or unregistered securities.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. The Association's Board of Directors assesses and approves these policies and procedures. At least annually, Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The Association recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

As of June 30, 2023 and 2022, all of the Association's investments fall within Level 2 of the fair value hierarchy.

Note 5 – Net Assets without Donor Restrictions

The Finance Committee of the Board of Directors created a capital reserve fund for future public improvement projects. The Board and Finance committee can authorize the use of these funds when needed. As of June 30, 2023 and 2022, net assets without donor restrictions consisted of the following:

	2023	2022
Undesignated	$ 4,390,670	$ 3,000,364
Board designated reserve fund	150,000	650,000
	$ 4,540,670	$ 3,650,364

Note 6 – Net Assets with Donor Restrictions

As of June 30, 2023 and 2022, net assets with donor restrictions consisted of the following:

	2023	2022
New York City public art	$ 349,962	$ -

Note 7 – Lease Commitments and Related Party

The Association leases office space under two separate noncancellable operating leases, which are set to expire at the end of June 2027 and October 2027. One of the leases is with any entity whose principal is on the Association's Board of Directors. Total payments to this related party for fiscal years ended June 30, 2023 and 2022, were $149,935 and $144,146, respectively. Total rent and related expenses charged to operations for the years ended June 30, 2023 and 2022, was $269,469 and $163,348, respectively. As of June 30, 2023, the maturities of the lease liabilities are as follows:

Year ended June 30, 2024	$ 218,396
2025	224,948
2026	231,697
2027	238,648
2028	54,371
Total lease payments	968,060
Less: imputed interest	(95,431)
Total operating lease liabilities	$ 872,629

At the lease commencement date of June 1, 2022, the Association recognized a (a) lease liability of $326,011 which represents the present value of the remaining lease payments at the onset of the lease, discounted using the Association's incremental borrowing rate of 5%, and (b) a right of use asset.

The components of the Association's lease expenses for the years ended June 30, 2023 and 2022, are included in the statements of activities and expenses as follows:

	2023	2022
Program expenses	$ 61,743	$ -
Management and general expenses	151,111	149,842
	$ 212,854	$ 149,842

Note 8 – Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during fiscal years 2023 and 2022 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended June 30, 2023 and 2022, is as follows:

	2023	2022
Kiosk and plaza rentals	$ 522,602	$ 461,445

Note 9 – Government Grants

During the years ended June 30, 2023 and 2022, the Association was awarded grants by governmental institutions. Total revenue recognized from the grants during the years ended June 30, 2023 and 2022, are detailed as follows:

	2023	2022
The City of New York	$ 40,000	$ 62,500

Note 10 – Public Plaza License

In October 2009, the Association initially signed a five-year license agreement, which was subsequently renewed through 2017 and included a one year renewal option, with the New York City Department of Transportation (DOT) to manage and maintain multiple public pedestrian plazas located within the district. In 2019, the Association signed a license agreement extension which is valid until June 30, 2024, and also includes three additional five-year renewal options, exercisable at the sole discretion of DOT. The agreement allows the Association to collect special event concession fees, contributions and sponsorships which will be used to offset the cost of managing and maintaining the plazas. Any excess revenue derived from the plazas will be kept in an accrual fund. The accrual fund will be used for any future shortfall in revenue needed to provide the services set forth in the agreement. If at any time the accrual fund contains more than three times the public plaza budget, the excess amount of funds shall be used to provide any services and/or alterations in the public plaza. At the end of the term of the license agreement or at termination, the balance of the accrual fund shall be used to provide any services and/or alterations in the public plaza. The Association signed two sublicense agreements for kiosks in the public plazas. The revenue from these sublicense agreements goes towards the cost of managing and maintaining the plazas.

Note 11 – Concentrations

The Association maintains its cash and investments in various accounts with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to $250,000 per financial institution. The Securities Investor Protection Corporation insures cash and securities, including money market funds and treasury bills, up to $500,000 per financial institution. At times, the balances of the accounts have exceeded the insured limits during the years ended June 30, 2023 and 2022.

Note 12 – Pension Plan

During fiscal year 2008, the Association adopted a qualified cash or deferred compensation plan under section 403(b) of the Internal Revenue Code. The plan allows for the Association to make discretionary contributions based on the participant's salary. Association contributions to the plan for the years ended June 30, 2023 and 2022, amounted to $18,708 and $19,831, respectively.

Note 13 – Contingencies

During the years ended June 30, 2023 and 2022, the Association was the defendant in a liability claim. The outcome that may arise from this claim cannot be determined as of the date of the audit report, and any claims are likely to be covered by the Association's insurance policy coverage. No related liabilities were accrued as a result.

Note 14 – 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, 2023 and 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	2023	2022
Financial assets:		
Cash	$ 3,852,900	$ 2,576,983
Investments	1,375,706	1,325,990
Receivables	69,505	101,151
Total financial assets	5,298,111	4,004,124
Less those unavailable for general expenditures within one year:		
Board designated net assets	(150,000)	(650,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 5,148,111	$ 3,354,124

Note 15 – Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through November 20, 2023, 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
Flatiron/23rd Street Partnership
District Management Association, Inc.

We have audited the financial statements of Flatiron/23rd Street Partnership District Management Association, Inc. as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon dated November 20, 2023, 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 schedules of expenses and budget and public plaza activities and budget are presented for the purpose of additional analysis and are 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
November 20, 2023

FLATIRON/23RD STREET PARTNERSHIP
DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2023

	Total Expenses	Budget
Personnel costs:		
Executive salaries	$ 255,001	$ 423,600
Program managers	492,169	508,320
Support salaries	346,976	127,080
Payroll taxes and benefits	160,048	191,799
Outside contractors	3,900,711	4,108,000
Total personnel costs	5,154,905	5,358,799
Direct expenses:		
Amortization	5,047	-
Bad debt	14,375	-
Insurance	50,268	70,000
Rent and maintenance	269,469	152,135
Office expense	86,645	51,500
Professional fees	38,069	57,000
Program equipment	170,752	211,000
Special projects and events	280,366	639,000
Supplies	78,613	237,000
Telephone	6,005	8,500
Total direct expenses	999,609	1,426,135
Total expenses	$ 6,154,514	$ 6,784,934

FLATIRON/23RD STREET PARTNERSHIP
DISTRICT MANAGEMENT ASSOCIATION, INC.
SCHEDULE OF PUBLIC PLAZA
ACTIVITIES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2023

	Actual Activity	DOT Plaza Budget
Support and Revenues:		
Concession and event fees	$ 471,820	
Sponsorships and gifts	54,900	
	526,720	
Expenses:		
Direct expenses:		
Cleaning contractor (Sanitation)	49,795	117,164
Horticulture planting & maintenance contractor (Pub Imp)	228,867	165,000
Programming and events (Mark)	3,150	100,000
Equipment, furniture, supplies and other (Pub Imp & Mark)	131,584	272,500
Total direct expenses	413,396	654,664
Administrative costs:		
Salaries (Pub Imp)	160,418	149,730
Fringe (Pub Imp)	12,075	11,270
Total administrative costs	172,493	161,000
Total expenses	585,889	$ 815,664
Excess/(deficit) revenues from activities of the operating account	(59,169)	
Interest earned on the fund during the fiscal year	2,146	
Balance of Accrual Fund, at beginning of year	199,035	
Balance of Accrual Fund, at end of year	$ 142,012	

Note-The above information is prepared in accordance with agreement #CT 841 20100011985 with New York City Department of Transportation dated October 7, 2009 and amended on September 14, 2010. The above expenses are included on Page 4 in the (program) noted above.