



**Broadway Mall Association, Inc.**  
**Financial Statements**  
**(Modified Cash Basis)**  
**December 31, 2019**  
**(With Summarized and Comparative**  
**Information for December 31, 2018)**

Broadway Mall Association, Inc.  
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December 31, 2019

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## Independent Auditor's Report

To the Board of Directors of  
Broadway Mall Association, Inc.

We have audited the accompanying financial statements of the Broadway Mall Association, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2019, and the related statements of revenue and expenses – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

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### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 assets, liabilities and net assets of the Broadway Mall Association, Inc. as of December 31, 2019, and its revenue and expenses, the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

## **Basis of Accounting**

We draw your attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is the basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Prior Year Summarized and Comparative Information**

We have previously audited Broadway Mall Association, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2019. In our opinion, the summarized and comparative information presented herein, as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Prager Metis CPAs, LLC*

Prager Metis CPAs, LLC  
New York, New York  
December 30, 2020

Broadway Mall Association, Inc.  
Statement of Assets, Liabilities and Net Assets – Modified Cash Basis  
December 31, 2019  
(With Comparative Totals for 2018)

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	<u>2019</u>	2018 (Comparative)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 167,295	\$ 104,486
Prepaid expenses	383	-
Total current assets	<u>167,678</u>	<u>104,486</u>
Property and equipment, net	1,199	1,199
Other assets		
Security deposit	<u>1,500</u>	<u>1,500</u>
<b>Total assets</b>	<u>\$ 170,377</u>	<u>\$ 107,185</u>
<b>Net assets</b>		
Without donor restrictions	<u>\$ 170,377</u>	<u>\$ 107,185</u>
<b>Total net assets</b>	<u>\$ 170,377</u>	<u>\$ 107,185</u>

The accompanying notes are an integral part of these financial statements.

Broadway Mall Association, Inc.  
Statement of Revenue and Expenses – Modified Cash Basis  
Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u> (Comparative)
<b>Revenue and public support</b>		
Contributions	\$ 618,077	\$ 517,731
Special events revenue	138,834	160,267
Interest and dividend income	30	41
Total revenue and public support	<u>756,941</u>	<u>678,039</u>
<b>Functional expenses</b>		
Program services	564,436	503,425
Management and general	75,884	47,241
Fundraising	53,429	148,211
Total functional expenses	<u>693,749</u>	<u>698,877</u>
<b>Change in net assets</b>	<b>63,192</b>	<b>(20,838)</b>
Net assets – without donor restrictions – beginning of year	<u>107,185</u>	<u>128,023</u>
<b>Net assets – without donor restrictions – end of year</b>	<u><u>\$ 170,377</u></u>	<u><u>\$ 107,185</u></u>

The accompanying notes are an integral part of these financial statements.

Broadway Mall Association, Inc.  
Statement of Functional Expenses – Modified Cash Basis  
Year Ended December 31, 2019  
(With Summarized Comparative Totals for 2018)

	Program Services	Management and General	Fundraising	2019 Totals	2018 (Summarized Comparative)
Maintenance and landscaping	\$ 337,170	\$ -	\$ -	\$ 337,170	\$ 379,204
Compensation	183,152	-	-	183,152	158,937
Winter lighting	37,032	-	-	37,032	37,573
Real estate fundraiser	2,850	-	21,348	24,198	16,904
Rent	-	27,258	-	27,258	26,444
Bookkeeping and audit	-	23,116	-	23,116	17,867
Office	2,347	-	-	2,347	11,592
Gala	382	-	17,258	17,640	21,244
Other cultivation	1,503	13,843	-	15,346	1,701
Signage	-	-	1,528	1,528	1,700
Printing	-	-	8,919	8,919	10,349
Insurance	-	5,559	-	5,559	6,983
Website	-	-	4,376	4,376	2,527
Payroll service	-	3,954	-	3,954	3,627
Bank and credit card charges	-	2,154	-	2,154	2,225
<b>Total</b>	<u>\$ 564,436</u>	<u>\$ 75,884</u>	<u>\$ 53,429</u>	<u>\$ 693,749</u>	<u>\$ 698,877</u>

The accompanying notes are an integral part of these financial statements.

Broadway Mall Association, Inc.  
Statement of Cash Flows – Modified Cash Basis  
Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u> (Comparative)
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 63,192	\$ (20,838)
Changes in assets and liabilities		
Prepaid expenses	<u>(383)</u>	<u>-</u>
<b>Net cash provided by (used in) operating activities</b>	<u>62,809</u>	<u>(20,838)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>-</u>	<u>(1,199)</u>
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(1,199)</u>
<b>Net increase (decrease) in cash</b>	<b>62,809</b>	<b>(22,037)</b>
Cash and cash equivalents – beginning of year	<u>104,486</u>	<u>126,523</u>
<b>Cash and cash equivalents – end of year</b>	<u><u>\$ 167,295</u></u>	<u><u>\$ 104,486</u></u>

The accompanying notes are an integral part of these financial statements.



**Note 1 Nature of Organization and Purpose**

Broadway Mall Association, Inc. (the "Organization") is a nonprofit organization incorporated in the State of New York. The Organization was formed for the purpose of providing program services to maintain the malls and median strips on the street called Broadway, located in the Borough of Manhattan, in New York City, for use by the general public. Broadway Mall Association, Inc. is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Income is generated primarily from contributions.

**Note 2 Summary of Significant Accounting Policies**

**Basis of Accounting**

The Organization's financial statements have been prepared on the modified cash basis of accounting. The modified cash basis of accounting is a special purpose framework basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the modified cash basis of accounting, revenue is recognized when received rather than when earned, and expenses and purchases of assets are recognized when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized receivables from earnings, accounts payable to vendors, and their related effects on the changes in net assets in the accompanying financial statements.

**Financial Statement Presentation**

The financial statements of the Organization have been prepared in accordance with the modified cash basis of accounting, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – consist of assets, public support and program revenue, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor, they may, however, be subject to board designation.

*Net assets with donor restrictions* – include funds with donor-imposed restrictions, which permit the Organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization or may be permanent in nature. Resources of this nature originate from gifts, contribution, and investment income earned on restricted funds. The Organization has no net assets with donor restrictions.

**Note 2 Summary of Significant Accounting Policies (continued)**

**New Accounting Pronouncements Adopted in 2018**

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Non-profit Entities*, with the stated purpose of improving financial reporting by nonprofit entities (NFP). Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, deficiencies in information about liquidity and availability of resources and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. The new standard was effective for fiscal years beginning after December 31, 2017 with early adoption permitted. The Organization has adjusted the presentation in 2018 accordingly. The ASU has been applied retrospectively to all periods presented.

**Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting 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 revenue and expenses during the reporting period. Actual results may differ from these estimates.

**Summarized and Comparative Financial Statements**

The financial statements include certain prior-year comparative information in total. In addition, the statement of functional expenses includes prior-year summarized information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with the special purpose framework basis of accounting described in Note 2. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2018, from which the summarized and comparative information was derived.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment is recorded at cost when purchased or constructed, or at market value when donated. The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is calculated on a straight-line basis.

**Revenue Recognition**

Contributions are recorded as income in the period the services are performed or contribution is received.

**Note 2 Summary of Significant Accounting Policies (continued)**

**Special Events**

The direct costs of special events include expenses for the benefit of the donor. For example, meals and rental facilities are considered direct costs of special events.

**Expenses**

Expenses are reported as decreases in unrestricted net assets. The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Functional Allocation of Expenses**

The costs of providing various program and supporting activities have been summarized on a functional basis in the statement of revenue and expenses – modified cash basis. The statement of functional expenses – modified cash basis presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the full-time employee equivalent.

**Measurement of Operations**

The statement of revenue and expenses – modified cash basis reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**Income Taxes**

The Organization is organized as a nonprofit entity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which the Organization had none for the years ended December 31, 2019 and 2018, would be subject to federal income taxes. The Organization’s information returns filed with the Internal Revenue Service have not been examined in the past. The Organization is not aware of any uncertainties that could jeopardize its nonprofit status. Therefore, no provision or liability for income taxes is deemed necessary.

The Organization follows the provisions of uncertain tax provisions addressed by ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Organization has no uncertain tax positions at December 31, 2019, for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in management and general expenses. The Organization has determined that no amount is required to be accrued for taxes or related interest and penalties for any tax position taken through December 31, 2019.

**Note 2 Summary of Significant Accounting Policies (continued)**

**New Accounting Pronouncements**

*Leases*

In February 2016, the FASB issued ASU 2016-02, *Leases*, which will require leases to be recorded as an asset on the statement of assets, liabilities and net assets – modified cash basis for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies and not-for-profit organizations for fiscal years beginning after December 15, 2020, with early adoption permitted. The Organization will implement the new changes for the year ending December 31, 2021.

*Revenue*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This guidance provides a five-step analysis in determining when and how revenue is recognized so that an entity will recognize revenue when it transfers promised goods and services to customers in an amount that reflects what it expects in exchange for the goods and services. It also requires more detailed disclosures. The effective date is for fiscal years beginning after December 15, 2018. The Organization has implemented the new changes for the year ended December 31, 2019 on a modified retrospective approach.

**Advertising**

Advertising costs are expensed as incurred.

**Note 3 Property and Equipment, Net**

Property and equipment, net, consists of the following at December 31, 2019:

	Useful Lives (Years)	Amount
Furniture and equipment	5	\$ 1,199
Less: accumulated depreciation		-
		<u>\$ 1,199</u>

**Note 4 Commitments**

The Organization is obligated under a rental agreement for their office space which expires in March 2020. Rental expense for the years ended December 31, 2019 and 2018 amounted to \$27,258 and \$26,444, respectively. The future minimum rental commitment under this agreement approximates the following:

Year Ending December 31,	Amount
2020	<u>\$ 7,000</u>

**Note 5 Related Party Transactions**

The Organization paid \$133 to Menaker & Herrmann LLP for administrative services for the year ended December 31, 2018. Mr. Robert Herrmann, Chairman of the Board of Directors, is a partner in Menaker & Herrmann LLP.

**Note 6 Liquidity and Availability of Financial Assets**

The following reflects the Organization’s financial assets as of December 31, 2019 and 2018, reduced by the amounts not available for general use within one year of the statement of assets, liabilities and net assets – modified cash basis date because of contractual or donor-imposed restrictions or internal designations.

	<u>2019</u>	<u>2018</u>
Current assets, excluding non-financial assets	\$ 167,295	\$ 104,486
Less: donor restrictions for specific purposes	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 167,295</u>	<u>\$ 104,486</u>

**Note 7 Subsequent Events**

Subsequent events have been evaluated through December 30, 2020, which is the date the financial statements were available to be issued.

The COVID-19 outbreak in early 2020 has adversely affected, and may continue to adversely affect economic activity globally, nationally, and locally. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have the potential to negatively impact the Organization. At this point, the extent to which COVID-19 may impact the Organization’s business is uncertain.