

BROADWAY MALL ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2022

BROADWAY MALL ASSOCIATION, INC.
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RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Broadway Mall Association, Inc.
New York, NY

We have reviewed the accompanying financial statements of Broadway Mall Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Broadway Mall Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of and for the year ended December 31, 2022, Broadway Mall Association, Inc. adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Rich and Bander, LLP

New York, NY
November 3, 2023

BROADWAY MALL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current assets

Cash and cash equivalents	\$ 326,196
Grants and contributions receivable	251,055
Prepaid expenses	1,597
Total current assets	<u>578,848</u>

Noncurrent assets

Right-of-use assets	87,924
Property and equipment, net	4,782
Security deposit	1,500
Total noncurrent assets	<u>94,206</u>

TOTAL ASSETS	<u>\$ 673,054</u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 10,896
Lease liabilities	29,505
Total current liabilities	<u>40,401</u>

Noncurrent liabilities

Lease liabilities	62,045
Total noncurrent liabilities	<u>62,045</u>

TOTAL LIABILITIES	<u>102,446</u>
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Net assets

Without donor restrictions	460,608
With donor restrictions	110,000
Total net assets	<u>570,608</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 673,054</u>
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BROADWAY MALL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grants and contributions			
Grants and contributions	\$ 433,249	\$ 110,000	\$ 543,249
Special events contributions	76,410	-	76,410
Total grants and contributions	<u>509,659</u>	<u>110,000</u>	<u>619,659</u>
Special events revenue			
Special events revenue	16,953	-	16,953
Less: cost of direct benefits to donors	(26,908)	-	(26,908)
Net special events revenue	<u>(9,955)</u>	<u>-</u>	<u>(9,955)</u>
Other income			
Miscellaneous income	15,566	-	15,566
Total other income	<u>15,566</u>	<u>-</u>	<u>15,566</u>
Net assets released from restrictions	<u>31,500</u>	<u>(31,500)</u>	<u>-</u>
Total revenue and support	<u>546,770</u>	<u>78,500</u>	<u>625,270</u>
Expenses			
Program services	587,878	-	587,878
Supporting services			
Management and general	89,658	-	89,658
Fundraising	26,431	-	26,431
Total expenses	<u>703,967</u>	<u>-</u>	<u>703,967</u>
Change in net assets	(157,197)	78,500	(78,697)
Net assets - beginning of year	617,805	31,500	649,305
Net assets - end of year	<u>\$ 460,608</u>	<u>\$ 110,000</u>	<u>\$ 570,608</u>

BROADWAY MALL ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
Maintenance and landscaping	\$ 304,581	\$ -	\$ -	\$ -	\$ 304,581
Compensation	197,707	36,422	16,953	-	251,082
Professional fees	-	40,306	-	-	40,306
Occupancy	23,207	4,286	1,987	2,125	31,605
Other cultivation expenses	5,416	-	-	24,783	30,199
Signage	20,025	-	-	-	20,025
Winter lighting	19,370	-	-	-	19,370
Office expense	5,811	1,071	498	-	7,380
Insurance	5,346	985	458	-	6,789
Printing	137	25	6,117	-	6,279
Payroll service	3,857	711	331	-	4,899
Website	831	3,325	-	-	4,156
Bank and credit card charges	-	2,340	-	-	2,340
Depreciation expense	1,015	187	87	-	1,289
Advertising and marketing	575	-	-	-	575
	587,878	89,658	26,431	26,908	730,875
Less expenses included with revenue on the statement of activities					
Cost of direct benefits to donors	-	-	-	(26,908)	(26,908)
Total expenses included in the expense section on the statement of activities	\$ 587,878	\$ 89,658	\$ 26,431	\$ -	\$ 703,967

BROADWAY MALL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:	
Change in net assets	\$ (78,697)
<i>Adjustments to reconcile change in net assets to net cash used in operating activities:</i>	
Depreciation	1,289
(Increase) decrease in operating assets:	
Grants and contributions receivable	32,271
Right-of-use assets	29,828
Employee retention credit receivable	12,867
Prepaid expenses	(1,597)
(decrease) in operating assets:	
Accounts payable and accrued expenses	(5,414)
Lease liabilities	(28,372)
Total adjustments	40,872
Net cash used in operating activities	(37,825)
Cash flows from investing activities:	
Acquisition of property and equipment	(4,402)
Net cash used in investing activities	(4,402)
Net decrease in cash and cash equivalents	(42,227)
Cash and cash equivalents, beginning of year	368,423
Cash and cash equivalents, end of year	\$ 326,196
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest	\$ -
Income taxes	\$ -

BROADWAY MALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Broadway Mall Association, Inc. (the “Organization”), was organized as a not-for-profit organization in 1987 under the laws of 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 grants and contributions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash and cash equivalents.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the fair market value at the date of donation. The Organization’s policy to capitalize expenditures for these items in excess of \$1,000. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives

	<u>Years</u>
Furniture and equipment	5

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred.

BROADWAY MALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue, Revenue Recognition, and Receivables

Grants and Contributions – Grants (from government and foundations) and contributions (from individuals, corporations, and other sources) are recognized when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of release/return, are not recognized until the conditions on which they depend have been substantially met.

Special Events – The exchange element of special events is recognized as special events revenue equal to the fair value of direct benefits to donors when the special event takes place or if the fair value amount is impracticable to obtain, the actual cost or non-tax deductibility is used. The excess amount received is the contribution element, which is recognized immediately as grants and contributions, unless there is a right of return if the special event does not take place.

Costs of Direct Benefits to Donors – The cost of the items and services furnished to donors as inducements to attend the Organization's special events are presented in their natural expense classification in the statement of functional expenses and backed out so that it is shown as a deduction from special events revenue on the statement of activities

Grants and Contributions Receivable – Grants and contributions that are not yet collected are recorded as grants and contributions receivable. Amounts expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Nonfinancial Assets – A number of volunteers have donated significant amounts of their time to the Organization's program services, administration, and fundraising and development activities. Directors and officers have made a significant contribution of their time to develop the Organization and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed nonfinancial assets. These donated services do not create or enhance a nonfinancial asset nor require a specialized skill that the contributors have and would typically need to be purchased if not provided through donation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BROADWAY MALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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, where the donor stipulates those resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization does not have any unrelated business income.

The Organization's Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended December 31, 2021, 2020 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2022, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

BROADWAY MALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contract Balances

Contract assets are recognized when the Organization has satisfied a contract obligation but must satisfy other performance obligations before being entitled to payment, or when the Organization has the right to bill a customer before satisfying any or some of the performance obligations. Contract liabilities are recognized when the Organization has an obligation to perform services to a customer for which the Organization has received advanced consideration or when payment is due prior to satisfying any or some of the performance obligations. The Organization has no opening balances for contract assets nor liabilities or such balances for the year ended December 31, 2022.

Adoption of Accounting Standards

In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. This standard became effective for annual reporting periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. On January 1, 2022, the Organization adopted ASU 2020-07, using the modified retrospective transition method. There were no material changes to the financial statements upon adoption.

Leases

On January 1, 2021, the Organization adopted ASU 2016-02, *Leases* (Topic 842), which requires the recognition of the right-of-use assets and relating operating and finance lease liabilities on the statement for financial position for leases with terms of more than twelve months. As permitted by ASC 842, the Organization elected the adoption date of January 1, 2021, which is the date of initial application.

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

BROADWAY MALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

2) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position date, comprise the following:

<u>Financial assets at year-end</u>	<u>Gross amount</u>	<u>Less: Amounts not available to be used within one year</u>	<u>Financial assets available to meet general expenditures within one year</u>
Cash and cash equivalents	\$ 326,196	\$ -	\$ 326,196
Grants and contributions receivable	<u>251,055</u>	<u>110,000</u>	<u>141,055</u>
Total	<u>\$ 577,251</u>	<u>\$ 110,000</u>	<u>\$ 467,251</u>

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3) FAIR VALUE MEASUREMENTS

The Organization's financial instruments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Accounting Standards Codification 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; level 2, defined as inputs other than the quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability'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. At December 31, 2022, no investments at fair value are noted in the statement of financial position.

BROADWAY MALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

4) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2022 consists of the following:

New York State Parks & Recreation	\$ 110,000
Tiger Baron Foundation	50,000
Department Of Youth & Community Development.	35,000
Trinity Church Wall Street	30,000
Rochelle Shereff	14,000
Various small donors	<u>12,055</u>
	<u>\$ 251,055</u>

These amounts are generally collected within one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful account was recorded for the year then ended.

5) FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, office expense, payroll service, insurance, and depreciation, which are allocated on the basis of estimates of time and effort, as well as occupancy, which is allocated on a square footage basis.

6) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of December 31, 2022. Depreciation for the year then ended was \$1,289.

Equipment	\$ 6,444
Less: accumulated depreciation	<u>1,662</u>
	<u>\$ 4,782</u>

7) DISSAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Organization's revenue from contracts with customers based on the timing of satisfaction of performance obligations for the year ended December 31, 2022:

Revenue recognized at a point in time:	
Special events revenue (exchange portion)	\$ <u>16,953</u>
Total revenue recognized at a point in time	<u>16,953</u>
Total revenue from contracts with customers	<u>\$ 16,953</u>

BROADWAY MALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

8) LEASE COMMITMENTS

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The discount rate applied to calculate lease liabilities as of January 1, 2021, was 0.36%. As of January 1, 2021, the weighted-average remaining lease term for the Organization's operating leases was approximately 5 years.

The Organization leases an office space located in Suite 403 at 2095 Broadway in the Borough of Manhattan, New York City. The lease commenced on September 1, 2020, and will expire on December 31, 2025. For the year ended December 31, 2022, the total occupancy cost amounted to \$29,480.

Total right-of-use assets and lease liabilities at December 31, 2022 are as follows:

	<u>Right-of-use asset</u>	<u>Lease liability</u>
Balance, January 1, 2022	\$ 117,752	\$ 119,922
Lease payments	(29,098)	(29,098)
Amortization/interest	<u>(730)</u>	<u>726</u>
Balance, December 31, 2022	<u>\$ 87,924</u>	<u>\$ 91,550</u>

Future minimum rental payments as of December 31, 2022, under the lease term are as follows:

Year ended	
December 31,	
2023	\$ 29,786
2024	30,679
2025	<u>31,600</u>
Total lease payments	92,065
Less interest	<u>515</u>
Total	<u>\$ 91,550</u>

9) ADVERTISING AND MARKETING COSTS

For the year ended December 31, 2022, advertising and marketing costs totaled \$575.

BROADWAY MALL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

10) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:

Maintenance and landscaping	<u>\$ 110,000</u>
Total	<u>\$ 110,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended December 31, 2022:

Subject to expenditure for specified purpose:

Maintenance and landscaping	<u>\$ 75,000</u>
Total	<u>\$ 75,000</u>

11) CONCENTRATION OF RISKS

The Organization maintains its cash balances at a major financial institution. The balances, at times, may exceed federally insured limits. As of December 31, 2022, uninsured balances totaled \$77,249. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

The Organization received approximately 18% of its total grants and contributions from one government donor. As of December 31, 2022, approximately 44% of the grants and contributions receivable is from the same donor. The concentration from the contributor does not make the Organization vulnerable to a risk of severe near-term impact because the Organization only spends money according to the amount received from the contributors and other revenue.

12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2023, which is the date the financial statements were available to be issued. Management is not aware of any material subsequent events.