

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**

**Financial Statements and Auditors' Report**

**June 30, 2021 and 2020**

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**

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## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of  
Times Square District Management Association, Inc.

We have audited the accompanying financial statements of Times Square District Management Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 financial position of Times Square District Management Association, Inc. as of June 30, 2021 and 2020, 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.

New York, NY  
September 20, 2021

*Skody Scot & Company, CPAs, P.C.*

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,060,605	\$ 4,945,869
Contributions and other receivables	1,778,998	367,616
Prepaid expenses	78,983	257,037
Investments	7,640,069	6,248,333
Property and equipment, net	1,208,220	1,580,011
Security deposits and other assets	1,620,104	2,413,442
Total assets	<u>\$ 18,386,979</u>	<u>\$ 15,812,308</u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued expenses	\$ 1,123,285	\$ 1,122,652
Deferred income and deposits	278,171	198,697
Refundable advances	1,980,682	1,935,220
Deferred rent	105,444	80,152
Total liabilities	<u>3,487,582</u>	<u>3,336,721</u>
Commitments (see notes)		
Net Assets:		
Without donor restrictions	14,889,397	12,475,587
With donor restrictions	10,000	-
Total net assets	<u>14,899,397</u>	<u>12,475,587</u>
Total liabilities and net assets	<u>\$ 18,386,979</u>	<u>\$ 15,812,308</u>

**See accompanying notes to the financial statements.**

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC**  
**Statements of Activities**  
**Fiscal years ended June 30, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues:</b>						
Assessment revenue	\$ 14,347,293	\$ -	\$ 14,347,293	\$ 14,347,293	\$ -	\$ 14,347,293
Government grants and contracts	2,013,290	-	2,013,290	99,495	-	99,495
Contributions and sponsorships	4,218,048	10,000	4,228,048	4,526,603	-	4,526,603
Contributions in-kind	159,013	-	159,013	162,496	-	162,496
Program service income	574,170	-	574,170	2,759,348	-	2,759,348
Investment income, net	1,366,672	-	1,366,672	136,427	-	136,427
Total support and revenues	22,678,486	10,000	22,688,486	22,031,662	-	22,031,662
<b>Expenses:</b>						
Program expenses:						
Events and programming	6,683,819	-	6,683,819	6,457,660	-	6,457,660
Public safety	3,573,139	-	3,573,139	3,901,488	-	3,901,488
Sanitation	5,553,234	-	5,553,234	6,624,479	-	6,624,479
Policy, planning and research	661,523	-	661,523	825,005	-	825,005
Communications and external affairs	954,366	-	954,366	963,127	-	963,127
Total program expenses	17,426,081	-	17,426,081	18,771,759	-	18,771,759
Management and general	2,632,942	-	2,632,942	2,733,154	-	2,733,154
Fundraising	205,653	-	205,653	266,314	-	266,314
Total expenses	20,264,676	-	20,264,676	21,771,227	-	21,771,227
Increase in net assets	2,413,810	10,000	2,423,810	260,435	-	260,435
Net assets, beginning of year	12,475,587	-	12,475,587	12,215,152	-	12,215,152
Net assets, end of year	\$ 14,889,397	\$ 10,000	\$ 14,899,397	\$ 12,475,587	\$ -	\$ 12,475,587

See accompanying notes to the financial statements.

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC**  
**Statement of Expenses**  
**Fiscal year ended June 30, 2021**

	Program Expenses					Support Services			Total Expenses
	Events and Programming	Public Safety	Sanitation	Policy Planning and Research	Communications and External Affairs	Total Program Expenses	Management and General	Fundraising	
<b>Personnel costs:</b>									
Executive salaries	\$ 290,047	\$ 194,314	\$ 208,387	\$ 251,126	\$ 165,110	\$ 1,108,984	\$ 181,799	\$ 40,693	\$ 1,331,476
Support salaries	590,678	454,304	355,630	108,791	286,067	1,795,470	342,952	104,897	2,243,319
Hourly staff	48,740	1,445,298	1,681,028	12,895	37,970	3,225,931	1,700	8,178	3,235,809
Payroll taxes and benefits	279,750	917,843	1,476,326	85,520	118,027	2,877,466	150,365	47,420	3,075,251
Retirement plan contributions	27,127	70,538	80,633	12,207	16,775	207,280	17,459	4,465	229,204
Outside contractors	70,316	40,431	335,433	26,306	160,423	632,909	350,687	-	983,596
Total personnel costs	<u>1,306,658</u>	<u>3,122,728</u>	<u>4,137,437</u>	<u>496,845</u>	<u>784,372</u>	<u>9,848,040</u>	<u>1,044,962</u>	<u>205,653</u>	<u>11,098,655</u>
	11.8%	28.1%	37.3%	4.4%	7.1%	88.7%	9.4%	1.9%	100.0%
<b>Operating expenses:</b>									
Occupancy	-	147,103	245,248	-	-	392,351	541,979	-	934,330
Uniforms	-	67,176	50,690	-	-	117,866	-	-	117,866
Recruitment and staff development	-	-	500	-	-	500	43,266	-	43,766
Depreciation	-	-	-	-	-	-	381,791	-	381,791
Insurance	4,370	111,346	331,445	-	-	447,161	59,377	-	506,538
Printing	67,471	-	18,847	720	1,064	88,102	624	-	88,726
Professional fees	349	800	2,000	-	-	3,149	189,813	-	192,962
Repairs and maintenance	-	2,192	52,739	-	-	54,931	135,526	-	190,457
Supplies, equipment and other costs	24,106	23,856	251,747	30,514	23,747	353,970	209,784	-	563,754
Planning costs	3,150	-	-	133,444	-	136,594	-	-	136,594
Travel and meetings	12,920	8,689	12,425	-	-	34,034	10,188	-	44,222
Constituent expenses	3,000	-	-	-	-	3,000	15,632	-	18,632
Project expenses	5,261,795	89,249	450,156	-	145,183	5,946,383	-	-	5,946,383
Total operating expenses	<u>5,377,161</u>	<u>450,411</u>	<u>1,415,797</u>	<u>164,678</u>	<u>169,994</u>	<u>7,578,041</u>	<u>1,587,980</u>	<u>-</u>	<u>9,166,021</u>
	58.7%	4.9%	15.4%	1.8%	1.9%	82.7%	17.3%	0.0%	100.0%
Total expenses	<u>\$ 6,683,819</u>	<u>\$ 3,573,139</u>	<u>\$ 5,553,234</u>	<u>\$ 661,523</u>	<u>\$ 954,366</u>	<u>\$ 17,426,081</u>	<u>\$ 2,632,942</u>	<u>\$ 205,653</u>	<u>\$ 20,264,676</u>
	33.0%	17.6%	27.4%	3.3%	4.7%	86.0%	13.0%	1.0%	100.0%

See accompanying notes to the financial statements.

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC**  
**Statement of Expenses**  
**Fiscal year ended June 30, 2020**

	Program Expenses					Support Services			Total Expenses
	Events and Programming	Public Safety	Sanitation	Policy Planning and Research	Communications and External Affairs	Total Program Expenses	Management and General	Fundraising	
<b>Personnel costs:</b>									
Executive salaries	\$ 327,893	\$ 205,514	\$ 205,514	\$ 305,668	\$ 186,523	\$ 1,231,112	\$ 50,264	\$ 44,558	\$ 1,325,934
Support salaries	892,349	467,908	352,445	124,571	258,516	2,095,789	603,995	154,643	2,854,427
Hourly staff	93,065	1,890,956	2,653,853	20,291	22,216	4,680,381	4,673	15,207	4,700,261
Payroll taxes and benefits	276,683	820,795	1,381,643	89,053	83,334	2,651,508	162,862	47,048	2,861,418
Retirement plan contributions	25,443	67,354	80,558	10,148	11,520	195,023	16,011	4,148	215,182
Outside contractors	224,577	41,031	424,524	53,261	266,519	1,009,912	288,544	-	1,298,456
Total personnel costs	<u>1,840,010</u>	<u>3,493,558</u>	<u>5,098,537</u>	<u>602,992</u>	<u>828,628</u>	<u>11,863,725</u>	<u>1,126,349</u>	<u>265,604</u>	<u>13,255,678</u>
	13.9%	26.4%	38.5%	4.5%	6.2%	89.5%	8.5%	2.0%	100.0%
<b>Operating expenses:</b>									
Occupancy	-	135,236	261,471	-	-	396,707	498,570	-	895,277
Uniforms	-	70,795	63,586	-	-	134,381	-	-	134,381
Recruitment and staff development	9,794	874	4,609	623	275	16,175	86,465	-	102,640
Depreciation	-	-	-	-	-	-	269,060	-	269,060
Insurance	-	110,286	290,744	-	-	401,030	42,696	-	443,726
Printing	71,378	1,744	24,269	-	15,080	112,471	6,914	-	119,385
Professional fees	-	-	2,000	-	32	2,032	191,496	-	193,528
Repairs and maintenance	-	2,518	51,001	-	-	53,519	142,179	-	195,698
Supplies, equipment and other costs	42,249	17,344	283,368	4,846	28,691	376,498	255,280	-	631,778
Planning costs	1,744	-	-	212,000	-	213,744	-	-	213,744
Travel and meetings	40,274	15,026	13,136	4,544	7,234	80,214	46,707	-	126,921
Constituent expenses	-	250	260	-	300	810	66,536	-	67,346
Project expenses	4,452,211	53,857	531,498	-	82,887	5,120,453	902	710	5,122,065
Total operating expenses	<u>4,617,650</u>	<u>407,930</u>	<u>1,525,942</u>	<u>222,013</u>	<u>134,499</u>	<u>6,908,034</u>	<u>1,606,805</u>	<u>710</u>	<u>8,515,549</u>
	54.2%	4.8%	17.9%	2.6%	1.6%	81.1%	18.9%	0.0%	100.0%
Total expenses	<u>\$ 6,457,660</u>	<u>\$ 3,901,488</u>	<u>\$ 6,624,479</u>	<u>\$ 825,005</u>	<u>\$ 963,127</u>	<u>\$ 18,771,759</u>	<u>\$ 2,733,154</u>	<u>\$ 266,314</u>	<u>\$ 21,771,227</u>
	29.7%	17.9%	30.4%	3.8%	4.4%	86.2%	12.6%	1.2%	100.0%

See accompanying notes to the financial statements.

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**Statements of Cash Flows**  
**Fiscal years ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,423,810	\$ 260,435
Adjustments for noncash items included in operating activities:		
Depreciation	381,791	269,060
(Gains)/losses on investments	(1,220,271)	15,314
Changes in assets and liabilities:		
Contributions and other receivables	(1,411,382)	135,819
Prepaid expenses	178,054	180,324
Security deposits and other assets	793,338	(6,764)
Accounts payable and accrued expenses	633	(220,129)
Deferred income and deposits	79,474	147,717
Refundable advances	45,462	1,935,220
Deferred rent	25,292	35,213
Net cash provided by operating activities	<u>1,296,201</u>	<u>2,752,209</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(10,000)	(384,036)
Purchase of investments	(4,872,539)	(6,752,674)
Sale of investments	4,701,074	2,653,284
Net cash used in investing activities	<u>(181,465)</u>	<u>(4,483,426)</u>
<b>Cash flows from financing activities</b>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,114,736	(1,731,217)
Cash and cash equivalents at beginning of year	<u>4,945,869</u>	<u>6,677,086</u>
Cash and cash equivalents at end of year	<u>\$ 6,060,605</u>	<u>\$ 4,945,869</u>

See accompanying notes to the financial statements.



**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

Times Square District Management Association, Inc. (the Organization), also known as the Times Square Alliance (a not-for-profit organization), was incorporated in the State of New York on July 26, 1991. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and does not believe its financial statements include any uncertain tax positions. The Organization primarily receives its support from a real estate special assessment levied by The City of New York (the City) on properties located in the Times Square Business Improvement District (the BID). The BID's boundaries are approximately from 40<sup>th</sup> Street to 53<sup>rd</sup> Street between 6<sup>th</sup> Avenue and 8<sup>th</sup> Avenue, and 46<sup>th</sup> Street between 8<sup>th</sup> Avenue and 9<sup>th</sup> Avenue in the City.

The Organization's programs include the following: Public 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 and garbage removal; Events and Programming - creating special events and distinctive programming to promote the district to residents and tourists; Policy, Planning and Research - managing public space through urban planning and conducting research to retain, support and attract prospective businesses; and Communications and External Affairs - communicating internal and external facing news and information through public relations and marketing and managing government relations and advocacy.

Basis of Accounting

The financial statements of the Organization 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 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.

Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in short-term certificates of deposit and U.S. treasury bills, with an original maturity, to the Organization, of three months or less.

Receivables

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 uncollectible receivables.

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments

All investments are measured at fair value on a recurring basis and are reported at their fair values as of June 30, 2021 and 2020 in the statements of financial position.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of furniture and equipment and vehicles is computed by the straight-line method over estimated useful lives ranging from three to ten years. Leasehold improvements are depreciated 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 charged as an expense, and major renewals and betterments are capitalized.

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. 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.

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 expenses that are allocated include personnel costs based on estimated time and effort and occupancy, insurance, and other expenses based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The real estate assessment levied by the City is recorded by the Organization when earned. The City remits these assessments to the Organization 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.

The Organization recognizes contributions when cash, a noncash asset, or an unconditional promise to give is 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 deferred income or refundable advances in the accompanying statements of financial position. As of June 30, 2021 and 2020, the Organization did not have any conditional pledges that were not recognized.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted 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 Organization 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.

Program service revenue relates to program services and consists primarily of event ticket sales, kiosk rentals, and promotional fees. Revenue is recognized when the program service is provided. Any revenue which has not been earned is recorded as deferred income.

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

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Bank deposits and cash	\$ 1,518,706	\$ 197,454
Money market funds	<u>4,541,899</u>	<u>4,748,415</u>
	<u>\$ 6,060,605</u>	<u>\$ 4,945,869</u>

**Note 3 - Property and Equipment**

Property and equipment by major class consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 338,702	\$ 328,702
Equipment	2,003,394	2,003,394
Vehicles	138,470	138,470
Leasehold improvements	<u>846,954</u>	<u>846,954</u>
	3,327,520	3,317,520
Less: accumulated depreciation	<u>(2,119,300)</u>	<u>(1,737,509)</u>
	<u>\$ 1,208,220</u>	<u>\$ 1,580,011</u>

**Note 4 - Investments**

Investments consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Mutual funds	\$ 5,046,288	\$ 4,496,845
Equity securities	<u>2,593,781</u>	<u>1,751,488</u>
Fair market value	7,640,069	6,248,333
Less: cost	<u>( 6,509,730)</u>	<u>( 6,035,402)</u>
Unrealized appreciation	<u>\$ 1,130,339</u>	<u>\$ 212,931</u>

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 5 - Fair Value Measurement**

The Financial Accounting Standards Board (FASB) requires enhanced disclosures about investments that are measured and reported at fair value. The 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, exchange traded funds and long-term U.S. treasury bills.

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.

The following summarizes the valuation of the Organization's investments by the above fair value hierarchy levels as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Level 1	\$ 7,640,069	\$ 6,248,333
Level 2	-	-
Level 3	-	-
	<u>\$ 7,640,069</u>	<u>\$ 6,248,333</u>

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 6 - Net Assets Without Donor Restrictions**

In December 2019, the Board of Directors created a dedicated reserve fund with \$250,000 for Times Square Arts. As of June 30, 2021 and 2020, net assets without donor restrictions consisted of the following:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 14,639,397	\$ 12,225,587
Board designated reserve fund	<u>250,000</u>	<u>250,000</u>
	<u>\$ 14,889,397</u>	<u>\$ 12,475,587</u>

**Note 7 - Net Assets With Donor Restrictions**

As of June 30, 2021 and 2020, net assets with donor restrictions are available as follows:

	<u>2021</u>	<u>2020</u>
Poetry initiative	\$ 10,000	\$ -

**Note 8 - Revenue from Contracts with Customers**

Detail of revenue from contracts with customers during the years ended June 30, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Promotions	\$ 61,588	\$ 1,894,039
Event ticket sales	-	50,610
Kiosk and plaza rentals	507,390	810,501

The following table provides information about significant changes in the contract liabilities for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred kiosk rental revenue, beginning of the year	\$ 66,217	\$ -
Increase in deferred kiosk revenue due to cash received during the period	<u>14,974</u>	<u>66,217</u>
Deferred kiosk rental revenue, end of the year	<u>\$ 81,191</u>	<u>\$ 66,217</u>

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 9 - Government Grants and Contracts**

During the years ended June 30, 2021 and 2020, the Organization was awarded grants by governmental agencies to further the Organization's exempt purpose. Total amounts recognized under government grants and contracts amounted to:

	2021	2020
New York City Department of Cultural Affairs	\$ 17,070	\$ 18,495
New York State Council on the Arts	26,000	26,000
National Endowment for the Arts	35,000	55,000
U.S. Small Business Administration	1,935,220	-
	\$ 2,013,290	\$ 99,495

During the year ended June 30, 2020, the Organization received a \$1,935,220 Paycheck Protection Program loan from the U.S. Small Business Administration and chose to defer the revenue recognition of this amount until the Organization received confirmation that it has successfully met the grant conditions. The amount was listed as a refundable advance on the accompanying statement of financial position for the year ended June 30, 2020. During the year ended June 30, 2021, the Organization received confirmation that it has successfully met the grant conditions and has recognized the amount as government grant revenue.

During the year ended June 30, 2021, the Organization received a \$1,980,682 Paycheck Protection Program loan from the U.S. Small Business Administration and has chosen to defer the revenue recognition of this amount until the Organization receives confirmation that it has successfully met the grant conditions, which the Organization believes that it has fully met in order to convert this loan to a grant. The amount is listed as a refundable advance on the accompanying statement of financial position for the year ended June 30, 2021.

The *Consolidated Appropriations Act, 2021* broadened the applicability of the Employee Retention Credit (ERC), bringing eligible employers the ability for greater financial relief. Based on the eligibility requirements, the Organization was deemed eligible for the ERC during a portion of the year ended June 30, 2021 and, accordingly, requested such eligible credits in the amount of \$1,635,108 for the year then ended. These amounts are reported as other receivables on the accompanying statement of financial position as of June 30, 2021.

**Note 10 - Contributions In-Kind**

Contributions in-kind represent noncash contributions, which are recorded at their estimated fair value, and are reported as support and expensed in the period in which received. For the year ended June 30, 2021, Proskauer Rose LLP provided legal services with a fair market value of \$159,013. A partner at Proskauer Rose LLP in on the Organization's board of directors. For the year ended June 30, 2020, Proskauer Rose LLP and Skadden, Arps, Slate, Meagher & Flom LLP provided legal services with a fair market value of \$162,496.

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 11 - Commitments and Contingencies

The Organization leases multiple sites under noncancellable operating leases. As of June 30, 2021, minimum aggregate annual rental commitments are as follows:

	<u>Organization Commitments</u>
Year ended June 30, 2022	\$ 601,075
2023	526,415
2024	536,943
2025	547,682
2026	558,635
2027 and thereafter	1,005,711

Total rent expense charged to operations for the years ended June 30, 2021 and 2020, was \$827,188 and \$828,539, respectively.

During the years ended June 30, 2021 and 2020, the Organization was the defendant in various liability claims. The outcome that may arise from these various claims cannot be determined as of the date of the audit report, and all such claims are likely to be covered by insurance policy coverage. No additional liabilities are required as a result.

Note 12 - Related Parties

The Organization leases office space, at fair market value, from an entity whose officers are on the Organization's Board of Directors. Total payments for fiscal years ended June 30, 2021 and 2020, were \$625,283 and \$584,130, respectively.

The Organization received program service revenue for extra security work from an entity whose officer is on the Organization's Board of Directors. Total receipts for the fiscal years ended June 30, 2021 and 2020, were \$178,545 and \$174,262, respectively.

The Organization received program service revenue for plaza kiosks from an entity whose officer is on the Organization's Board of Directors. Total revenue recognized for the fiscal years ended June 30, 2021 and 2020, was \$0 and \$64,358, respectively.

The Organization paid for the funding of homeless outreach services and uniform laundry services to an entity whose officer is on the Organization's Board of Directors. Total payments made to this organization for the fiscal years ended June 30, 2021 and 2020, was \$33,725 and \$17,520, respectively.

The Organization paid a licensing fee to an entity whose officer is on the Organization's Board of Directors. Total payments made to this organization for the fiscal years ended June 30, 2021 and 2020, was \$10,000 and \$0, respectively.



**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 13 - Concentrations

The Organization maintains its financial accounts with major institutions. The Federal Deposit Insurance Corporation insures bank deposits up to \$250,000 per financial institution. The Securities Investor Protection Corporation insures cash and securities, including money market funds, up to \$500,000 per financial institution. At times, the balances of the Organization's financial accounts have exceeded the insured limits during the years ended June 30, 2021 and 2020.

Note 14 - Retirement Plan

The Organization maintains a qualified cash or deferred compensation plan (the Plan) under section 403(b) of the Internal Revenue Code. All employees who normally work twenty hours or more per week or who complete one year of service are eligible to participate in the Plan. Under the Plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. In addition, the Plan allows for the Organization to make discretionary contributions based on the participant's salary and class group. The Organization's contributions to the Plan amounted to \$229,204 and \$215,182 for the years ended June 30, 2021 and 2020, respectively.

Note 15 - Joint Ventures

The Organization entered into a joint venture agreement with two not-for-profit organizations to enhance Duffy Square Park, located in the center of Times Square in the City. The future repairs will be assumed by the parties of the joint venture. Total maintenance expended under the joint venture for the years ended June 30, 2021 and 2020, was \$190,336 and \$177,268, respectively.

The Organization co-produces the New Year's Eve event with OTS Events – Jamestown (OTS) and Countdown Entertainment LLC. OTS collects sponsorship and advertising revenues and remits amounts to the Organization to cover event expenses. Sponsorship revenues received from OTS amounted to \$4,725,643 for the year ended June 30, 2021 and \$3,651,622 for the year ended June 30, 2020. OTS maintains a reserve fund for future vendor installments. These funds are reported as other assets in the accompanying statements of financial position. As of June 30, 2021 and 2020, OTS was holding on behalf of the Organization \$1,598,156 and \$2,391,644, respectively.

In 2009, the Organization signed agreements with the New York City Department of Transportation (DOT) with renewal options totaling nine years, to manage and maintain multiple public pedestrian plazas located within the BID. The agreement allows the Organization 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 Organization is in the process of renewing its agreement with the DOT.

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 16 - Liquidity and Availability of Financial Assets

The Organization 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 Organization 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 Organization's financial assets, as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 6,060,605	\$ 4,945,869
Contributions and other receivables	1,778,998	367,616
Investments	<u>7,640,069</u>	<u>6,248,333</u>
Total financial assets	15,479,672	11,561,818
Less those unavailable for general expenditures within one year:		
Board designated reserve fund	( <u>250,000</u> )	( <u>250,000</u> )
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>15,229,672</u>	\$ <u>11,311,818</u>

Note 17 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through September 20, 2021, 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  
Times Square District Management Association, Inc.

We have audited the financial statements of Times Square District Management Association, Inc. as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated September 20, 2021, 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.

New York, NY  
September 20, 2021

*Skody Scot & Company, CPAs, PC*

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**Schedule of Expenses and Budget**  
**(Supplemental Financial Information)**  
**Fiscal year ended June 30, 2021**

	Total Expenses	Less In-Kind Contributions	Net Expenses	Assessment Budget
<b>Personnel costs:</b>				
Executive salaries	\$ 1,331,476	\$ -	\$ 1,331,476	\$ 1,420,391
Support salaries	2,243,319	-	2,243,319	2,724,247
Hourly staff	3,235,809	-	3,235,809	4,483,301
Payroll taxes and benefits	3,075,251	-	3,075,251	3,396,783
Retirement plan contributions	229,204	-	229,204	250,253
Outside contractors	983,596	-	983,596	511,663
Total personnel costs	<u>11,098,655</u>	<u>-</u>	<u>11,098,655</u>	<u>12,786,638</u>
<b>Operating expenses:</b>				
Occupancy	934,330	-	934,330	888,051
Uniforms	117,866	-	117,866	135,000
Recruitment & staff development	43,766	-	43,766	51,900
Depreciation	381,791	-	381,791	-
Insurance	506,538	-	506,538	513,118
Printing	88,726	-	88,726	34,000
Professional fees	192,962	(159,013)	33,949	30,000
Repairs and maintenance	190,457	-	190,457	129,368
Supplies, equipment & other costs	563,754	-	563,754	509,341
Planning costs	136,594	-	136,594	187,350
Travel and meetings	44,222	-	44,222	87,350
Constituent expenses	18,632	-	18,632	39,638
Project expenses	5,946,383	-	5,946,383	4,267,246
Total operating expenses	<u>9,166,021</u>	<u>(159,013)</u>	<u>9,007,008</u>	<u>6,872,362</u>
Total expenses	<u>\$20,264,676</u>	<u>\$ (159,013)</u>	<u>\$20,105,663</u>	<u>\$ 19,659,000</u>

**TIMES SQUARE DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**Schedule of Public Plaza Activities and Budget**  
**(Supplemental Financial Information)**  
**Fiscal year ended June 30, 2021**

	<u>Actual Activity</u>	<u>DOT Plaza Budget</u>
Support and Revenues:		
Concession, sponsors and event fees	<u>\$ 663,447</u>	<u>\$ 986,625</u>
Expenses:		
Cleaning/Trash Removal (Sanitation)	1,103,584	1,459,035
Landscape Maintenance (Sanitation)	202,231	200,000
Repairs/Replacement (Sanitation)	-	150,000
Public Safety (Safety)	1,035,374	922,695
Equipment/Supplies/Other (Sanitation, Safety)	144,942	126,665
Special Events (Events & Programming, Sanitation)	977,972	736,180
Insurance (Sanitation)	82,480	117,780
Total expenses	<u>3,546,583</u>	<u>3,712,355</u>
Administrative costs:		
Professional fees	2,000	2,000
11.1% administrative fee	394,224	412,293
Total administrative costs	<u>396,224</u>	<u>414,293</u>
Total expenses	<u>\$ 3,942,807</u>	<u>\$ 4,126,648</u>
Deficit in revenues from plaza activities	<u>\$ (3,279,360)</u>	
Balance of Accrual Fund, at end of year	<u>\$ -</u>	

Note - The above information is prepared in accordance with agreement #CT 841 20100010240 with New York City Department of Transportation dated September 9, 2009 and amended on January 7, 2010. The above expenses are included on Page 4 in the (program) noted above.