



Skody Scot & Company, CPAs, P.C.

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Grand Central Partnership, Inc. Audit Communication – June 2021

Dear Audit Committee Members:

We have audited the combined financial statements of Grand Central Partnership and Grand Central District Management Association, Inc. (the Organizations) for the year ended June 30, 2021, and have issued our report thereon dated September 27, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. We have requested certain representations from management that are contained in a letter issued to us.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Grand Central Partnership, Inc.
Audit Communication – June 2021

Accounting Practices – Policies, Transactions, and Estimates

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organizations are described in the Note 1 to financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. **The financial statements and disclosures were updated for the new FASB-ASU revenue from contracts with customers standard, and operating leases were recorded as required.**

We noted no transactions entered into by the Organizations during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop various accounting estimates in order to determine their reasonableness in relations to the financial statements taken as a whole, and noted no exceptions.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. Professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Grand Central Partnership, Inc.
Audit Communication – June 2021

Audit Adjustments and Corrections

Professional standards require us to accumulate all known and likely misstatements (adjustments) identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. An audit adjustment may or may not indicate matters that could have a significant effect on the Organizations' financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, most of the individual adjustments we proposed, indicate matters that did not have a significant effect on the Organizations' financial reporting process. Management has indicated that it intends to correct and record all adjustments and misstatements, contained in the final financial statements.

Internal Controls

We considered the Organizations' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

This information is intended solely for the use of the Audit Committee, the Board of Directors and Management of the Organizations, and is not intended to be, and should not be, used by anyone other than these specified parties.

Skody Scot & Company, CPAs, PC

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**COMBINED FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2021 AND 2020

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.**

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Grand Central Partnership, Inc.
Grand Central District Management
Association, Inc.

We have audited the accompanying combined financial statements of Grand Central Partnership, Inc. and Grand Central District Management Association, Inc. (both nonprofit organizations), which comprise the combined statements of financial position as of June 30, 2021 and 2020, and the related combined statements of activities, expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Grand Central Partnership, Inc. and Grand Central District Management Association, Inc. as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Skody Scot & Company, CPAs, P.C.

New York, NY
September 27, 2021

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 3,323,575	\$ 2,522,151
Program revenue receivable	539,975	129,125
Investments	1,847,953	3,063,496
Prepaid expenses	408,478	443,112
Bond funds held by trustee	1,026,105	1,027,095
Property and equipment, net	4,869,872	6,338,099
Right-of-use asset - operating leases	3,397,481	3,771,244
Bond issuance costs, net	12,085	36,245
Security deposits	116,303	116,286
Total assets	<u>\$ 15,541,827</u>	<u>\$ 17,446,853</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 606,050	\$ 375,486
Deferred income	118,400	89,248
Accrued bond interest	48,375	94,500
Lease liability - operating leases	3,639,021	3,990,026
Bonds payable	1,955,118	3,861,029
Total liabilities	<u>6,366,964</u>	<u>8,410,289</u>
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	9,128,016	8,869,717
With donor restrictions	46,847	166,847
Total net assets	<u>9,174,863</u>	<u>9,036,564</u>
Total liabilities and net assets	<u>\$ 15,541,827</u>	<u>\$ 17,446,853</u>

See accompanying notes to the combined financial statements.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
e	\$ 12,709,372	\$ -	\$ 12,709,372	\$ 12,709,372	\$ -	\$ 12,709,372
	353,600	-	353,600	438,960	-	438,960
	35,482	-	35,482	1,554,870	-	1,554,870
income, net	298,538	-	298,538	167,658	-	167,658
	-	-	-	212,414	-	212,414
osts	-	-	-	(176,444)	-	(176,444)
income	-	-	-	35,970	-	35,970
	69,515	-	69,515	277,614	-	277,614
m restriction: se restrictions	120,000	(120,000)	-	145,260	(145,260)	-
revenues	13,586,507	(120,000)	13,466,507	15,329,704	(145,260)	15,184,444
	3,064,826	-	3,064,826	3,036,574	-	3,036,574
	3,803,435	-	3,803,435	4,003,546	-	4,003,546
	1,090,684	-	1,090,684	1,070,202	-	1,070,202
ance	2,569,597	-	2,569,597	2,768,018	-	2,768,018
	467,687	-	467,687	468,912	-	468,912
	233,972	-	233,972	236,374	-	236,374
	339,394	-	339,394	429,934	-	429,934
enses	11,569,595	-	11,569,595	12,013,560	-	12,013,560
	1,758,613	-	1,758,613	1,829,478	-	1,829,478
neral	13,328,208	-	13,328,208	13,843,038	-	13,843,038
st assets	258,299	(120,000)	138,299	1,486,666	(145,260)	1,341,406
rear	8,869,717	166,847	9,036,564	7,383,051	312,107	7,695,158
	<u>\$ 9,128,016</u>	<u>\$ 46,847</u>	<u>\$ 9,174,863</u>	<u>\$ 8,869,717</u>	<u>\$ 166,847</u>	<u>\$ 9,036,564</u>

See accompanying notes to the combined financial statements.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2021**

Program Expenses								Supporting Services	
Public Safety	Sanitation	External Affairs	District-wide Maintenance	Horticulture	Social Services	Tourist Greeters	Total Program	Management & General	Total Expenses
\$ 553,604	\$ 552,680	\$ 554,136	\$ 279,769	\$ 115,675	\$ 95,319	\$ 148,772	\$ 2,299,955	\$ 894,168	\$ 3,194,123
1,432,978	1,988,255	4,682	-	-	-	94,661	3,520,576	-	3,520,576
625,630	751,468	134,124	58,366	19,362	18,237	72,872	1,680,059	192,416	1,872,475
<u>2,612,212</u>	<u>3,292,403</u>	<u>692,942</u>	<u>338,135</u>	<u>135,037</u>	<u>113,556</u>	<u>316,305</u>	<u>7,500,590</u>	<u>1,086,584</u>	<u>8,587,174</u>
-	-	-	1,390,856	-	-	-	1,390,856	23,998	1,414,854
-	-	20,687	-	-	-	-	20,687	9,122	29,809
125,239	138,527	37,379	101,586	17,427	-	14,925	435,083	48,142	483,225
-	-	-	167,035	-	-	-	167,035	-	167,035
3,261	3,261	1,780	57,204	-	-	1,583	67,089	4,813	71,902
22,200	25,821	13,359	2,097	931	602	2,583	67,593	18,336	85,929
82,317	70,229	260,525	424,428	170,901	119,614	-	1,128,014	59,076	1,187,090
5,859	3,635	51,406	15,869	-	-	86	76,855	58,271	135,126
193,273	193,273	-	42,897	-	-	-	429,443	403,145	832,588
12,235	68,010	680	22,998	142,967	-	2,132	249,022	34,904	283,926
8,144	8,116	7,156	6,487	424	195	1,770	32,292	8,359	40,651
86	160	4,770	5	-	5	10	5,036	3,863	8,899
<u>\$ 3,064,826</u>	<u>\$ 3,803,435</u>	<u>\$ 1,090,684</u>	<u>\$ 2,569,597</u>	<u>\$ 467,687</u>	<u>\$ 233,972</u>	<u>\$ 339,394</u>	<u>\$ 11,569,595</u>	<u>\$ 1,758,613</u>	<u>\$ 13,328,208</u>

See accompanying notes to the combined financial statements.

GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2020

Program Expenses							Supporting Services	Total Expenses
Public Safety	Sanitation	External Affairs	District-wide Maintenance	Horticulture	Social Services	Tourist Greeters	Management & General	
\$ 709,154	\$ 558,145	\$ 548,710	\$ 274,777	\$ 114,128	\$ 95,780	\$ 150,077	\$ 2,450,771	\$ 3,394,234
1,367,387	2,068,851	708	1,610	-	-	164,437	7,743	3,610,736
619,229	826,843	148,657	65,102	21,118	20,474	86,398	215,483	2,003,304
<u>2,695,770</u>	<u>3,453,839</u>	<u>698,075</u>	<u>341,489</u>	<u>135,246</u>	<u>116,254</u>	<u>400,912</u>	<u>7,841,585</u>	<u>9,008,274</u>
-	-	-	1,397,021	-	-	-	1,397,021	1,421,019
-	-	-	-	-	35,000	-	35,000	35,000
1,590	-	22,008	184	-	-	-	23,782	37,827
126,703	127,436	34,776	95,471	19,224	-	14,837	418,447	457,036
-	-	-	257,160	-	-	-	257,160	257,160
2,367	2,367	1,780	58,771	-	-	825	66,110	69,006
24,326	28,877	14,948	2,812	910	610	3,345	75,828	99,879
438	103,483	229,597	514,184	193,834	84,086	287	1,125,909	1,188,577
5,216	43,895	52,688	9,870	-	-	6,665	118,334	197,718
165,617	165,618	-	42,581	-	-	-	373,816	761,912
4,528	68,008	396	39,009	119,271	-	962	232,174	247,376
9,411	9,416	6,995	8,647	427	394	1,972	37,262	45,078
608	607	8,939	819	-	30	129	11,132	17,176
<u>\$ 3,036,574</u>	<u>\$ 4,003,546</u>	<u>\$ 1,070,202</u>	<u>\$ 2,768,018</u>	<u>\$ 468,912</u>	<u>\$ 236,374</u>	<u>\$ 429,934</u>	<u>\$ 12,013,560</u>	<u>\$ 13,843,038</u>

See accompanying notes to the combined financial statements.

GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 138,299	\$ 1,341,406
Adjustments for non-cash items included in operating activities:		
Depreciation	1,481,502	1,487,667
Amortization of bond premium	(36,751)	(81,450)
Investment (gain)/loss	(46,694)	(77,683)
Changes in assets and liabilities:		
Program revenue receivable	(410,850)	21,309
Prepaid expenses	34,634	(11,692)
Right-of-use asset - operating leases	(351,005)	(344,122)
Accounts payable and accrued expenses	184,439	(332,596)
Deferred income	29,152	1,255
Total adjustments	<u>884,427</u>	<u>662,688</u>
Net cash provided/(used) by operating activities	<u>1,022,726</u>	<u>2,004,094</u>
Cash flows from investing activities:		
Investment in certificates of deposit	-	(300,000)
Redemption of certificates of deposit	1,262,220	2,250,270
Purchase of property and equipment	<u>(13,275)</u>	<u>(386,121)</u>
Net cash provided/(used) by investing activities	<u>1,248,945</u>	<u>1,564,149</u>
Cash flows from financing activities:		
Payment of operating leases	373,763	328,084
(Increase)/decrease in funds held by bond trustee	990	(1,195)
Repayment of bond principal	<u>(1,845,000)</u>	<u>(1,760,000)</u>
Net cash provided/(used) by financing activities	<u>(1,470,247)</u>	<u>(1,433,111)</u>
Net increase/(decrease) in cash	801,424	2,135,132
Cash at beginning of year	<u>2,522,151</u>	<u>387,019</u>
Cash at end of year	<u><u>\$ 3,323,575</u></u>	<u><u>\$ 2,522,151</u></u>
Supplemental information:		
Interest paid	\$ 189,000	\$ 301,160
Recognition of operating leases	\$ -	\$ 4,334,148

See accompanying notes to the combined financial statements.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

Grand Central Partnership, Inc.

Grand Central Partnership, Inc. (GCP), a not-for-profit organization, was incorporated in the State of New York in 1985. GCP 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 Organization does not believe its financial statements contain any uncertain tax positions. GCP primarily receives its support from promotional program service revenue, lease revenues from an economic development project and general contributions.

Grand Central District Management Association, Inc.

Grand Central District Management Association, Inc. (GCDMA), a not-for-profit organization, was incorporated in the State of New York in 1988. GCDMA 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 Organization does not believe its financial statements contain any uncertain tax positions. GCDMA primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the Grand Central Business Improvement District (BID), and from several organizations, which are not legally or otherwise required to make special assessment payments, but voluntarily choose to make such payments. The GCDMA district is comprised of 70 square blocks with irregular boundaries running from East 35th Street to East 54th Street, and from Second Avenue to Fifth Avenue.

Combined Financial Statements

Due to their close organizational relationship, including common management and overlapping Boards of Directors, it has been deemed appropriate to prepare combined financial statements of GCP and GCDMA (referred to collectively as "the Organization"). GCP and GCDMA do not separately record and account for their financial transactions. The Organization maintains its books and records on a combined basis.

Basis of Accounting

The combined 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 the combined 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.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle

During fiscal year 2021, the Organization adopted FASB ASU 2014-09 *Revenue from Contracts with Customers* using the full retrospective approach. Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to previously issued combined financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

During fiscal year 2021, the Organization adopted FASB ASU 2016-02 *Leases* using the full retrospective method. The presentation of the Organization's combined financial statements and disclosures have been enhanced in accordance with the standard and certain amounts in fiscal year 2020 were reclassified for comparative purposes.

Major Programs

The Organization's seven major programs include the following: Sanitation - Maintaining clean streets/curbs, litter and graffiti removal; Public Safety - Providing increased public security through a combination of uniformed officers and a working relationship with the New York City Police Department and other public and private law enforcement; Tourist Greeters - Providing information, brochures and maps, and tours to visitors, workers, residents and others, at multiple locations in the district; External Affairs - Promoting the district through corporate communications, social media and public relations campaigns; retail and commercial business support; marketing; sponsorship opportunities and special events; and the compilation of demographic and other key data about the Midtown East neighborhood; District-Wide Maintenance - Improving and maintaining the overall appearance of the district by installing streetscape amenities such as public furniture and street lighting, and the cost of financing those improvements; Horticulture - Enhancing the district through plantings and decorations; and the Organization also supports Social Services - Contracting with a homeless outreach organization to provide at-risk individuals with crisis intervention services such as emergency medical and mental health assistance, food, clothing, and temporary and long-term housing.

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 collected within one year and as such have been stated at their net realizable value with no allowance for uncollectible receivables.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED 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 combined 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 property and equipment is computed by the straight-line method over estimated useful lives ranging from three to thirty 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 those 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 combined statements of activities and in the combined statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses based on estimated time and effort and rent, 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.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED 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.

Program service revenue relates to fees received in exchange for program services and mainly includes payments in lieu of assessments, promotional fees, and maintenance fees. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

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 combined statements of financial position. As of June 30, 2021 and 2020, the Organization did not have any conditional pledges that were not recognized. During the year ended June 30, 2020, the Organization's received and recognized the Small Business Administration's PPP grant.

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.

Investment income is recognized when earned. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization receives special events revenue which contains both an exchange component and a conditional contribution component. Both components are recognized when the event takes place. Any event revenue received in advance of the event is recorded as deferred income.

Pershing Square rental income is recognized when earned. Any revenue received which has not been earned is recorded as deferred income.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 2 - 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 hierarchical 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.

As of June 30, 2021 and 2020, all of the Organization's investments fall within Level 1 of the fair value hierarchy.

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. The Organization'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 Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 3 - Concentrations

The Organization maintains its cash, and investments in various accounts. 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, up to \$500,000 per financial institution. At times, the balances of the accounts may have exceeded the insured limits during the years ended June 30, 2021 and 2020.

Note 4 - 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>
District public furniture and fixtures	\$38,450,586	\$38,437,311
Equipment	146,257	146,257
Furniture and fixtures	212,893	212,893
Leasehold improvements	556,672	556,672
Pershing leasehold improvements	<u>1,729,934</u>	<u>1,729,934</u>
	41,096,342	41,083,067
Less: Accumulated depreciation	<u>(36,226,470)</u>	<u>(34,744,968)</u>
	<u>\$ 4,869,872</u>	<u>\$ 6,338,099</u>

Note 5 - Investments

Investment in long-term bank notes include the following fair values and unrealized appreciation at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fair market value (Level 1)	\$ 1,847,953	\$ 3,063,496
Cost	<u>1,802,000</u>	<u>2,971,000</u>
Unrealized appreciation/(depreciation)	<u>\$ 45,953</u>	<u>\$ 92,496</u>

Note 6 - Pension Plan

In 2005, the Organization adopted a deferred compensation plan, which allows matching up to 2% of participant's salary. Organization contributions to the plan for the fiscal years ended June 30, 2021 and 2020, amounted to \$54,514 and \$57,849, respectively.

Note 7 - Fundraising Expenses

The Organization conducted activities that included direct solicitations for sponsorships (fundraising). However, the costs of personnel conducting those sponsorship activities were immaterial and not separately stated.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 8 - Leases

Office Space

The Organization leases space under several non-cancelable operating leases that expire at various times through fiscal year 2032. Total rent and related expenses charged to operations for the years ended June 30, 2021 and 2020 was \$832,588 and \$761,912, respectively. As of June 30, 2021, minimum aggregate annual rentals are as follows:

Year ended June 30, 2022	\$ 478,955
2023	358,873
2024	372,244
2025	372,244
2026	372,244
2027 through 2032	2,348,453

On July 1, 2019 (the beginning of the earliest year presented), the Organization recognized (a) a lease liability of \$4,334,148, which represents the present value of the remaining lease payments, discounted using the Organization's incremental borrowing rate of 3.5%; and (b) a right-of-use asset, which represents the lease liability adjusted for abated rent.

Pershing Square

In 1995, GCP entered into an agreement with the New York City Department of Citywide Administrative Services to lease retail space under the Pershing Square viaduct for purposes of developing a first-class restaurant. In 1997, GCP entered into a sublease with a subtenant. The lease and sublease both have provisions for additional rents based on a percentage of operating income. As of June 30, 2021, the minimum aggregate annual rental commitments and subtenant commitments are as follows:

	<u>Organization Commitment</u>	<u>Subtenant Commitment</u>
Year ended June 30, 2022	\$ 75,000	\$ 375,000
2023	75,000	46,875
2024	75,000	-
2025	75,000	-
2026	12,500	-

Net rental income for the years ended June 30, 2021 and 2020 is comprised of the following:

	<u>2021</u>	<u>2020</u>
Sublease base rental income	\$ 425,000	\$ 318,750
Taxes billed and other income	260,196	421,416
Less: Lease base rent	(43,750)	(75,000)
Lease additional rent	(9,207)	(154,009)
Amortization of improvements	(66,647)	(66,648)
Taxes and other expenses	(267,054)	(276,851)
Net rental income	<u>\$ 298,538</u>	<u>\$ 167,658</u>

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 9 - Related Party Transactions

The Organization rents office space disclosed in Note 8. A board member is the Vice Chair of the entity serving as the management agent for the landlord.

The Organization also leases economic development space from The City of New York which is disclosed in Note 8 - Pershing Square. Representatives from the City serve as board members of the Organization.

The Organization leases exterior roof-top space for neighborhood lighting from entities related to three board members. The entities are reimbursed for electric costs based on electrical usage for this purpose. For the years ended June 30, 2021 and 2020, amounts paid to the entities amounted to \$13,119 and \$12,212, respectively.

The Organization is a dues-paying member of the Real Estate Board of New York (REBNY). The president of REBNY is member of the board of the Organization.

Note 10 - 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	\$ 3,323,575	\$ 2,522,151
Program revenue receivable	539,975	129,125
Investments	<u>1,847,953</u>	<u>3,063,496</u>
Total financial assets	5,711,503	5,714,772
Less those unavailable for general expenditures within one year	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,711,503</u>	<u>\$ 5,714,772</u>

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 11 - Bonds Payable

In 1994, GCDMA issued \$29,855,000 in Capital Improvement Refunding Bonds-Series 1994 (Series 1994 Bonds) to refinance Capital Improvement Bonds-Series 1992 (Series 1992) which were issued to finance various street improvements within the District. In January 2002, the Series 1992 Bonds were called for \$27,336,000, and in January 2003 the remaining bonds were repaid.

In February 2004, GCDMA issued \$26,545,000 in Capital Improvement Refunding Bonds-Series 2004 (Series 2004 Bonds) to refund \$28,646,000 of the Series 1994 Bonds (the Refunded Bonds). In connection with these bonds, GCDMA incurred issuance costs of \$893,900, which were amortized over the life of the debt. Proceeds of the Series 2004 Bonds, together with other available funds of the Series 1994 Bonds, were deposited with the trustee and used to (a) pay the Refunded Bonds and related costs of the Series 2004 Bonds; and (b) pay the costs of remaining street improvements. This series allowed redemption in January 2014, and the GCDMA exercised this option.

In December 2013, GCDMA issued \$13,590,000 in Capital Improvement Refunding Bonds - Series 2013 (Series 2013 Bonds) at a premium of \$1,296,334. The Series 2013 Bonds were issued for the purpose of refunding \$14,660,000 of the Series 2004 Bonds. This series has no early redemption provision. In connection with the Series 2013 Bonds, GCDMA incurred issuance costs of \$193,287, which will be amortized over the life of the debt.

At June 30, 2021 and 2020, bonds payable amounted to:

	<u>2021</u>	<u>2020</u>
Series 2013, plus unamortized bond premium of \$20,118 and \$81,029, respectively	<u>\$ 1,955,118</u>	<u>\$ 3,861,029</u>

As required under the bond resolution, GCDMA maintains certain funds which are held by the trustee. At June 30, 2021 and 2020, the balances in these funds were as follows:

	<u>2021</u>	<u>2020</u>
Debt service fund	\$ 49,443	\$ 95,561
Principal fund	<u>976,662</u>	<u>931,534</u>
Total	<u>\$ 1,026,105</u>	<u>\$ 1,027,095</u>

The projected final debt service payments on the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Debt service</u>
Year ended June 30, 2022 - last	1,935,000	96,750	2,031,750

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 12 - 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>
Centerline project	\$ 46,847	\$ 166,847

Note 13 - 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>
Payments in lieu of assessment	\$ 170,128	\$ 173,057
Sponsorships	183,472	264,803
Special event revenue - exchange component	-	176,444
Net rental income	298,538	167,658

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 income, beginning of the year	\$ 89,248	\$ 87,993
Revenue recognized that was included in deferred income at beginning of year	(89,248)	(87,993)
Increase due to payments in lieu of assessment received before earned	93,100	89,248
Increase due to special event income received for future event	25,300	-
Deferred income, end of the year	<u>\$ 118,400</u>	<u>\$ 89,248</u>

Note 14 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through September 27, 2021, which is the date the financial statements were available to be issued.



Skody Scot & Company, CPAs, P.C.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors
Grand Central Partnership, Inc.
Grand Central District Management
Association, Inc.

We have audited the combined financial statements of Grand Central Partnership, Inc. and Grand Central District Management Association, Inc. as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated September 27, 2021, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedule of expenses and budget are presented for the purpose of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Skody Scot & Company, CPAs, PC

New York, NY
September 27, 2021

GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2021

	<u>Total Expenses</u>	<u>Assessment Budget</u>
Personnel costs:		
Staff salaries	\$ 3,194,123	\$ 3,233,756
Hourly staff	3,520,576	3,694,580
Payroll taxes/benefits	1,872,475	2,172,506
Total personnel costs	<u>8,587,174</u>	<u>9,100,842</u>
Other expenses:		
Depreciation & amortization	1,414,854	1,337,965
Dues, memberships & permits	29,809	30,000
Insurance	483,225	503,800
Interest	167,035	167,035
Maintenance	71,902	92,975
Office expenses	85,929	127,488
Outside contractors	1,187,090	1,712,716
Professional fees	135,126	204,258
Rent and utilities	832,588	831,875
Supplies	283,926	429,105
Telephone & communications	40,651	44,062
Travel and meetings	8,899	21,510
Total expenses	<u>\$ 13,328,208</u>	<u>\$ 14,603,631</u>