

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

**COMBINED FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2020 AND 2019

**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, 2020 and 2019, 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, 2020 and 2019, 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 24, 2020

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash	\$ 2,522,151	\$ 387,019
Program revenue receivable	129,125	150,434
Investments	3,063,496	4,936,083
Prepaid expenses	443,112	431,420
Bond funds held by trustee	1,027,095	1,025,900
Property and equipment, net	6,338,099	7,439,645
Bond issuance costs, net	36,245	60,405
Security deposits	116,286	116,286
Total assets	\$ 13,675,609	\$ 14,547,192

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 375,486	\$ 664,082
Deferred income	89,248	87,993
Deferred rent	218,782	234,820
Accrued bond interest	94,500	138,500
Bonds payable	3,861,029	5,726,639
Total liabilities	4,639,045	6,852,034
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	8,869,717	7,383,051
With donor restrictions	166,847	312,107
Total net assets	9,036,564	7,695,158
Total liabilities and net assets	\$ 13,675,609	\$ 14,547,192

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, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Assessment revenue	\$ 12,709,372	\$ -	\$ 12,709,372	\$ 12,709,372	\$ -	\$ 12,709,372
Program service income	438,960	-	438,960	461,511	-	461,511
Contributions	1,554,870	-	1,554,870	-	435,000	435,000
Pershing Square rental income, net	167,658	-	167,658	269,804	-	269,804
Special events:						
Event income	212,414	-	212,414	229,115	-	229,115
Less: related direct costs	(176,444)	-	(176,444)	(176,994)	-	(176,994)
Net special event income	35,970	-	35,970	52,121	-	52,121
Investment income	277,614	-	277,614	373,045	-	373,045
Net assets released from restriction:						
Satisfaction of purpose restrictions	145,260	(145,260)	-	122,893	(122,893)	-
Total support and revenues	15,329,704	(145,260)	15,184,444	13,988,746	312,107	14,300,853
Expenses:						
Program Expenses:						
Public safety	3,036,574	-	3,036,574	2,844,230	-	2,844,230
Sanitation	4,003,546	-	4,003,546	3,816,747	-	3,816,747
External affairs	1,070,202	-	1,070,202	1,698,741	-	1,698,741
District-wide maintenance	2,768,018	-	2,768,018	2,942,487	-	2,942,487
Horticulture	468,912	-	468,912	493,934	-	493,934
Social services	236,374	-	236,374	282,405	-	282,405
Tourist greeters	429,934	-	429,934	389,172	-	389,172
Total program expenses	12,013,560	-	12,013,560	12,467,716	-	12,467,716
Supporting Services:						
Management and general	1,829,478	-	1,829,478	1,744,249	-	1,744,249
Total expenses	13,843,038	-	13,843,038	14,211,965	-	14,211,965
Increase/(Decrease) in net assets	1,486,666	(145,260)	1,341,406	(223,219)	312,107	88,888
Net assets, beginning of year	7,383,051	312,107	7,695,158	7,606,270	-	7,606,270
Net assets, end of year	<u>\$ 8,869,717</u>	<u>\$ 166,847</u>	<u>\$ 9,036,564</u>	<u>\$ 7,383,051</u>	<u>\$ 312,107</u>	<u>\$ 7,695,158</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	Total Program		Management & General
Personnel costs:										
Salaries staff	\$ 709,154	\$ 558,145	\$ 548,710	\$ 274,777	\$ 114,128	\$ 95,780	\$ 150,077	\$ 2,450,771	\$ 943,463	\$ 3,394,234
Hourly staff	1,367,387	2,068,851	708	1,610	-	-	164,437	3,602,993	7,743	3,610,736
Payroll taxes/benefits	619,229	826,843	148,657	65,102	21,118	20,474	86,398	1,787,821	215,483	2,003,304
Total personnel costs	<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>1,166,689</u>	<u>9,008,274</u>
Other expenses:										
Depreciation & amortization	-	-	-	1,397,021	-	-	-	1,397,021	23,998	1,421,019
Donations to other organizations	-	-	-	-	-	35,000	-	35,000	-	35,000
Dues, memberships & permits	1,590	-	22,008	184	-	-	-	23,782	14,045	37,827
Insurance	126,703	127,436	34,776	95,471	19,224	-	14,837	418,447	38,589	457,036
Interest	-	-	-	257,160	-	-	-	257,160	-	257,160
Maintenance	2,367	2,367	1,780	58,771	-	-	825	66,110	2,896	69,006
Office expenses	24,326	28,877	14,948	2,812	910	610	3,345	75,828	24,051	99,879
Outside contractors	438	103,483	229,597	514,184	193,834	84,086	287	1,125,909	62,668	1,188,577
Professional fees	5,216	43,895	52,688	9,870	-	-	6,665	118,334	79,384	197,718
Rent and utilities	165,617	165,618	-	42,581	-	-	-	373,816	388,096	761,912
Supplies	4,528	68,008	396	39,009	119,271	-	962	232,174	15,202	247,376
Telephone & communications	9,411	9,416	6,995	8,647	427	394	1,972	37,262	7,816	45,078
Travel and meetings	608	607	8,939	819	-	30	129	11,132	6,044	17,176
Total expenses	<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>\$ 1,829,478</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 STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Expenses							Supporting Services	Total Expenses	
	Public Safety	Sanitation	External Affairs	District-wide Maintenance	Horticulture	Social Services	Tourist Greeters	Total Program		Management & General
Personnel costs:										
Salaries staff	\$ 717,107	\$ 534,931	\$ 521,294	\$ 255,703	\$ 110,755	\$ 91,785	\$ 140,334	\$ 2,371,909	\$ 882,761	\$ 3,254,670
Hourly staff	1,184,743	1,904,466	22,743	8,223	-	-	141,556	3,261,731	3,457	3,265,188
Payroll taxes/benefits	597,664	796,509	135,863	58,327	20,984	19,315	68,433	1,697,095	206,818	1,903,913
Total personnel costs	<u>2,499,514</u>	<u>3,235,906</u>	<u>679,900</u>	<u>322,253</u>	<u>131,739</u>	<u>111,100</u>	<u>350,323</u>	<u>7,330,735</u>	<u>1,093,036</u>	<u>8,423,771</u>
Other expenses:										
Depreciation & amortization	-	-	-	1,363,284	-	-	-	1,363,284	11,999	1,375,283
Donations to other organizations	-	-	-	-	-	52,121	-	52,121	-	52,121
Dues, memberships & permits	1,170	-	36,532	-	-	-	-	37,702	14,814	52,516
Insurance	106,649	114,697	31,006	88,335	20,631	-	17,564	378,882	47,882	426,764
Interest	-	-	-	334,960	-	-	-	334,960	-	334,960
Maintenance	2,247	2,247	1,780	117,009	-	-	2,016	125,299	3,510	128,809
Office expenses	19,616	21,783	23,022	2,649	811	525	2,849	71,255	26,692	97,947
Outside contractors	7,744	120,813	851,803	565,701	192,611	118,376	4,456	1,861,504	62,400	1,923,904
Professional fees	20,800	66,421	50,551	9,870	-	-	3,234	150,876	66,960	217,836
Rent and utilities	165,571	165,571	-	41,601	-	-	-	372,743	381,969	754,712
Supplies	10,759	78,930	4,020	87,554	147,618	-	6,726	335,607	16,986	352,593
Telephone & communications	9,650	9,772	6,456	9,070	488	283	1,959	37,678	8,977	46,655
Travel and meetings	510	607	13,671	201	36	-	45	15,070	9,024	24,094
Total expenses	<u>\$ 2,844,230</u>	<u>\$ 3,816,747</u>	<u>\$ 1,698,741</u>	<u>\$ 2,942,487</u>	<u>\$ 493,934</u>	<u>\$ 282,405</u>	<u>\$ 389,172</u>	<u>\$ 12,467,716</u>	<u>\$ 1,744,249</u>	<u>\$ 14,211,965</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 1,341,406	\$ 88,888
Adjustments for non-cash items included in operating activities:		
Depreciation	1,487,667	1,441,930
Amortization of bond premium	(81,450)	(122,861)
Investment (gain)/loss	(77,683)	(90,831)
Changes in assets and liabilities:		
Program revenue receivable	21,309	(65,486)
Prepaid expenses	(11,692)	15,084
Accounts payable and accrued expenses	(332,596)	133,058
Deferred income	1,255	2,032
Deferred rent	(16,038)	80,262
Total adjustments	<u>990,772</u>	<u>1,393,188</u>
Net cash provided/(used) by operating activities	<u>2,332,178</u>	<u>1,482,076</u>
Cash flows from investing activities:		
Investment in certificates of deposit	(300,000)	(245,000)
Redemption of certificates of deposit	2,250,270	1,397,771
Purchase of property and equipment	<u>(386,121)</u>	<u>(2,168,408)</u>
Net cash provided/(used) by investing activities	<u>1,564,149</u>	<u>(1,015,637)</u>
Cash flows from financing activities:		
(Increase)/decrease in funds held by bond trustee	(1,195)	(6,294)
Repayment of bond principal	<u>(1,760,000)</u>	<u>(1,690,000)</u>
Net cash provided/(used) by financing activities	<u>(1,761,195)</u>	<u>(1,696,294)</u>
Net increase/(decrease) in cash	2,135,132	(1,229,855)
Cash at beginning of year	<u>387,019</u>	<u>1,616,874</u>
Cash at end of year	<u>\$ 2,522,151</u>	<u>\$ 387,019</u>
Supplemental information:		
Interest paid	\$ 301,160	\$ 344,600
Disposal of fully depreciated property and equipment	-	430,995

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.

Change in Accounting Principle

The Organization has elected to defer adoption of FASB ASU 2014-09 *Contracts with Customers* for one year in accordance with amendments contained in FASB ASU 2020-05.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

Cash and Cash Equivalents

For the purposes of the combined statements of financial position and the combined statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in bank notes, with an original maturity of three months or less.

Investments

All investments are measured at fair value on a recurring basis and are reported at their fair values as of June 30, 2020 and 2019, in the combined statements of financial position.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 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 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 an unconditional pledge is made. 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. At June 30, 2020 and 2019, 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 the respective class of net assets. 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, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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, 2020 and 2019, 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, cash equivalents, 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, 2020 and 2019.

Note 4 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
District public furniture and fixtures	\$38,437,311	\$38,051,190
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>
	41,083,067	40,696,946
Less: Accumulated depreciation	<u>(34,744,968)</u>	<u>(33,257,301)</u>
	<u>\$ 6,338,099</u>	<u>\$ 7,439,645</u>

Note 5 - Investments

Investment in long-term bank notes include the following fair values and unrealized appreciation at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fair market value (Level 1)	\$ 3,063,496	\$ 4,936,083
Cost	<u>2,971,000</u>	<u>4,921,000</u>
Unrealized appreciation/(depreciation)	<u>\$ 92,496</u>	<u>\$ 15,083</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 plans for the fiscal years ended June 30, 2020 and 2019, amounted to \$57,849 and \$56,490, 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 - Commitments and Contingencies

Office Space

The Organization leases space under several non-cancelable operating leases. Total rent and related expenses charged to operations for the years ended June 30, 2020 and 2019 was \$761,912 and \$754,712, respectively. As of June 30, 2020, minimum aggregate annual rentals are as follows:

Year ended June 30, 2021	\$ 665,153
2022	478,955
2023	358,873
2024	372,244
2025	372,244
2026 through 2032	2,720,697

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, 2020, the minimum aggregate annual rental commitments and subtenant commitments are as follows:

	<u>Organization Commitment</u>	<u>Subtenant Commitment</u>
Year ended June 30, 2021	\$ 75,000	\$ 375,000
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, 2020 and 2019 is comprised of the following:

	<u>2020</u>	<u>2019</u>
Sublease base rental income	\$ 318,750	\$ 425,000
Taxes billed and other income	421,416	417,142
Less: Lease base rent	(75,000)	(75,000)
Lease additional rent	(154,009)	(190,877)
Amortization of improvements	(66,648)	(66,647)
Taxes and other expenses	(276,851)	(239,814)
Net rental income	<u>\$ 167,658</u>	<u>\$ 269,804</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, 2020 and 2019, amounts paid to the entity amounted to \$12,212 and \$11,946, 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.

The Organization uses donated space in Grand Central Terminal, which is under the control of the Metropolitan Transportation Authority (MTA). A representative from the MTA serves as a board member 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, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 2,522,151	\$ 387,019
Program revenue receivable	129,125	150,434
Investments	<u>3,063,496</u>	<u>4,936,083</u>
Total financial assets	5,714,772	5,473,536
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>\$ 5,714,772</u>	<u>\$ 5,473,536</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, 2020 and 2019, bonds payable amounted to:

	<u>2020</u>	<u>2019</u>
Series 2013, plus unamortized bond premium of \$81,029 and \$186,639, respectively	<u>\$ 3,861,029</u>	<u>\$ 5,726,639</u>

As required under the bond resolution, GCDMA maintains certain funds which are held by the trustee. At June 30, 2020 and 2019, the balances in these funds were as follows:

	<u>2020</u>	<u>2019</u>
Debt service fund	\$ 95,561	\$ 139,384
Principal fund	931,534	886,516
Total	<u>\$ 1,027,095</u>	<u>\$ 1,025,900</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, 2021	1,845,000	189,000	2,034,000
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, 2020 and 2019, net assets with donor restrictions are available as follows:

	<u>2020</u>	<u>2019</u>
Centerline project	\$ 166,847	\$ 312,107

Note 13 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through September 24, 2020, 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
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, 2020 and 2019, and have issued our report thereon dated September 24, 2020, 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 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.

New York, NY
September 24, 2020

Skody Scot & Company, CPAs, PC

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2020**

	<u>Total Expenses</u>	<u>Assessment Budget</u>
Personnel costs:		
Staff salaries	\$ 3,394,234	\$ 3,323,421
Hourly staff	3,610,736	3,344,801
Payroll taxes and benefits	2,003,304	2,085,684
	<u>9,008,274</u>	<u>8,753,906</u>
Other expenses:		
Depreciation & amortization	1,421,019	1,247,840
Donations to other Organizations	35,000	-
Dues, memberships & permits	37,827	38,000
Insurance	457,036	475,700
Interest	257,160	257,160
Maintenance	69,006	92,973
Office expenses	99,879	114,929
Outside contractors	1,188,577	1,549,533
Professional fees	197,718	206,084
Rent and utilities	761,912	882,206
Supplies	247,376	428,705
Telephone & communications	45,078	45,806
Travel and meetings	17,176	21,410
Total other expenses	<u>4,834,764</u>	<u>5,360,346</u>
	<u>\$ 13,843,038</u>	<u>\$ 14,114,252</u>