

**FASHION CENTER DISTRICT MANAGEMENT  
ASSOCIATION, INC.  
(D/B/A GARMENT DISTRICT ALLIANCE)**

**FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT**

**JUNE 30, 2019 AND 2018**

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.  
(D/B/A GARMENT DISTRICT ALLIANCE)**

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## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of  
Fashion Center District Management Association, Inc.  
(d/b/a Garment District Alliance)

We have audited the accompanying financial statements of Fashion Center District Management Association, Inc. (d/b/a Garment District Alliance), a nonprofit organization, which comprise the statements of financial position as of June 30, 2019 and 2018, 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 Fashion Center District Management Association, Inc. (d/b/a Garment District Alliance) as of June 30, 2019 and 2018, 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  
November 26, 2019

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

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,035,429	\$ 4,939,754
Program revenue and other receivables	1,000	21,000
Prepaid expenses	109,776	124,231
Investments	1,527,691	-
Property and equipment, net	230,018	9,924
	\$ 4,903,914	\$ 5,094,909

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued expenses	\$ 216,188	\$ 211,987
Deferred rent	117,315	80,524
Security deposits payable	5,000	5,000
Total liabilities	338,503	297,511
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	4,565,411	4,797,398
With donor restrictions	-	-
Total net assets	4,565,411	4,797,398
Total liabilities and net assets	\$ 4,903,914	\$ 5,094,909

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

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>Support and Revenues:</b>		
Assessment revenue	\$ 8,800,000	\$ 8,800,000
Contributions - without donor restrictions	9,785	-
Government grants	20,000	40,000
Program service income	127,618	142,714
Investment income	28,490	26,893
Total support and revenues	8,985,893	9,009,607
<b>Expenses:</b>		
Program Expenses:		
Marketing and promotion	1,093,619	1,080,520
Security	1,986,853	1,900,250
Sanitation	3,863,020	3,478,076
Social services	93,397	96,534
Capital and development projects	1,372,298	1,588,461
Total program expenses	8,409,187	8,143,841
Management and general	808,693	857,548
Total expenses	9,217,880	9,001,389
<b>Increase/(Decrease) In Net Assets:</b>		
Without donor restrictions	(231,987)	8,218
With donor restrictions	-	-
Increase/(decrease) in net assets	(231,987)	8,218
Net assets, beginning of year	4,797,398	4,789,180
Net assets, end of year	\$ 4,565,411	\$ 4,797,398

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

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**STATEMENT OF EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<b>Program Expenses</b>					<b>Supporting</b>		<b>Total Expenses</b>
	<b>Marketing and Promotion</b>	<b>Security</b>	<b>Sanitation</b>	<b>Social Services</b>	<b>Capital &amp; Development Projects</b>	<b>Total Program</b>	<b>Management and General</b>	
Personnel costs:								
Executive salaries	\$ 144,915	\$ 160,190	\$ 118,811	\$26,836	\$ 150,282	\$ 601,034	\$ 107,344	\$ 708,378
Support salaries	149,504	182,089	271,462	-	181,055	784,110	174,843	958,953
Hourly staff	-	994,161	1,599,702	-	-	2,593,863	-	2,593,863
Payroll taxes and benefits	94,922	383,377	927,944	3,044	57,785	1,467,072	102,917	1,569,989
Pension	12,544	38,708	56,788	1,524	10,544	120,108	10,852	130,960
Outside contractors	301,558	-	235,440	-	-	536,998	-	536,998
Total personnel costs	<u>703,443</u>	<u>1,758,525</u>	<u>3,210,147</u>	<u>31,404</u>	<u>399,666</u>	<u>6,103,185</u>	<u>395,956</u>	<u>6,499,141</u>
Direct expenses:								
Depreciation and amortization	-	-	-	-	-	-	2,480	2,480
Events	72,350	-	-	-	158,154	230,504	-	230,504
Horticulture	-	-	-	-	267,037	267,037	-	267,037
Insurance	66,193	65,646	225,605	-	34,672	392,116	48,876	440,992
Rent and utilities	-	132,000	209,000	-	105,000	446,000	104,342	550,342
Postage	-	-	-	-	-	-	4,065	4,065
Printing	-	-	-	-	-	-	31,804	31,804
Professional fees	-	-	-	-	-	-	89,429	89,429
Equipment/supplies	-	29,463	207,034	-	93,169	329,666	2,215	331,881
Office expenses	-	-	-	-	-	-	54,639	54,639
Promotion	105,006	-	-	-	-	105,006	-	105,006
Telephone	-	-	-	-	-	-	11,288	11,288
Travel and meetings	-	-	-	-	-	-	46,884	46,884
Uniform and recruitment	-	1,219	11,234	-	-	12,453	-	12,453
Repairs and maintenance	-	-	-	-	-	-	16,715	16,715
Project expenses	138,969	-	-	61,993	314,600	515,562	-	515,562
Website design & maintenance	7,658	-	-	-	-	7,658	-	7,658
Total direct expenses	<u>390,176</u>	<u>228,328</u>	<u>652,873</u>	<u>61,993</u>	<u>972,632</u>	<u>2,306,002</u>	<u>412,737</u>	<u>2,718,739</u>
Total expenses	<u>\$1,093,619</u>	<u>\$1,986,853</u>	<u>\$3,863,020</u>	<u>\$93,397</u>	<u>\$1,372,298</u>	<u>\$8,409,187</u>	<u>\$ 808,693</u>	<u>\$9,217,880</u>

See accompanying notes to the financial statements.

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**STATEMENT OF EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	<b>Program Expenses</b>					<b>Supporting</b>		<b>Total Expenses</b>
	<b>Marketing and Promotion</b>	<b>Security</b>	<b>Sanitation</b>	<b>Social Services</b>	<b>Capital &amp; Development Projects</b>	<b>Total Program</b>	<b>Management and General</b>	
Personnel costs:								
Executive salaries	\$ 132,112	\$ 151,351	\$ 156,776	\$24,465	\$ 137,004	\$ 601,708	\$ 97,860	\$ 699,568
Support salaries	152,448	173,493	252,995	-	74,890	653,826	235,405	889,231
Hourly staff	-	944,402	1,520,650	-	-	2,465,052	-	2,465,052
Payroll taxes and benefits	86,821	380,579	829,423	2,869	41,166	1,340,858	111,249	1,452,107
Pension	12,130	31,821	41,657	1,491	10,292	97,391	12,250	109,641
Outside contractors	314,694	-	227,240	-	-	541,934	-	541,934
Total personnel costs	<u>698,205</u>	<u>1,681,646</u>	<u>3,028,741</u>	<u>28,825</u>	<u>263,352</u>	<u>5,700,769</u>	<u>456,764</u>	<u>6,157,533</u>
Direct expenses:								
Depreciation and amortization	-	-	-	-	-	-	2,480	2,480
Events	38,179	-	-	-	163,243	201,422	-	201,422
Horticulture	-	-	-	-	426,250	426,250	-	426,250
Insurance	67,969	53,260	112,424	-	32,812	266,465	43,646	310,111
Rent and utilities	-	139,000	219,000	-	110,000	468,000	109,574	577,574
Postage	-	-	-	-	-	-	2,086	2,086
Printing	-	-	-	-	-	-	29,191	29,191
Professional fees	-	-	-	-	-	-	50,575	50,575
Equipment/supplies	-	22,609	94,781	-	403,168	520,558	1,112	521,670
Office expenses	-	-	-	-	-	-	74,773	74,773
Promotion	25,075	-	-	-	-	25,075	-	25,075
Telephone	-	-	-	-	-	-	13,504	13,504
Travel and meetings	-	-	-	-	-	-	49,175	49,175
Uniform and recruitment	-	3,735	23,130	-	-	26,865	-	26,865
Repairs and maintenance	-	-	-	-	-	-	24,668	24,668
Project expenses	243,481	-	-	67,709	189,636	500,826	-	500,826
Website design & maintenance	7,611	-	-	-	-	7,611	-	7,611
Total direct expenses	<u>382,315</u>	<u>218,604</u>	<u>449,335</u>	<u>67,709</u>	<u>1,325,109</u>	<u>2,443,072</u>	<u>400,784</u>	<u>2,843,856</u>
Total expenses	<u>\$1,080,520</u>	<u>\$1,900,250</u>	<u>\$3,478,076</u>	<u>\$96,534</u>	<u>\$1,588,461</u>	<u>\$8,143,841</u>	<u>\$ 857,548</u>	<u>\$9,001,389</u>

See accompanying notes to the financial statements.

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (231,987)	\$ 8,218
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	2,480	2,480
Investment (gains)/losses	(1,616)	1,002
Bond premium/(discount) amortization	-	(12,924)
Changes in assets and liabilities:		
Accounts payable and accrued expenses	4,201	(9,485)
Deferred rent	36,791	80,524
Program revenue and other receivables	20,000	8,432
Prepaid expenses	14,455	(50,841)
Net cash provided/(used) by operating activities	(155,676)	27,406
Cash flows from investing activities:		
Purchase of property and equipment	(222,574)	-
Purchase of debt investments	(1,526,075)	(1,512,346)
Redemption of debt investments	-	3,034,000
Net cash provided/(used) by investing activities	(1,748,649)	1,521,654
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(1,904,325)	1,549,060
Cash and cash equivalents at beginning of year	4,939,754	3,390,694
Cash and cash equivalents at end of year	\$ 3,035,429	\$ 4,939,754

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



**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Association

Fashion Center District Management Association, Inc. (Association), a not-for-profit organization, was incorporated in the State of New York on April 20, 1993. On December 23, 2013, the Association filed a certificate of assumed name with the State of New York. In accordance with the certificate of assumed name, the Association has been doing-business-as (d/b/a) Garment District Alliance. The Association 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 Association does not believe its financial statements contain any uncertain tax positions. The Association primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the Fashion Center Business Improvement District (BID). The BID's boundaries are approximately from 35<sup>th</sup> Street to 41<sup>st</sup> Street, between Fifth Avenue and Ninth Avenue.

The Association's programs include the following: Marketing and Promotion - promoting the district to residents and tourists; Security - 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; Social Services - to develop and implement social programs and coordinate with other social service organizations located in the district; and Capital and Development Projects - improving the overall appearance of the district through a combination of projects including lighting and public fixtures.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Change in Accounting Principle

In fiscal year 2019, the Association adopted all reporting changes required under FASB ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, all amounts on the fiscal year 2019 and fiscal year 2018 financial statements have been reclassified to conform to the new presentation requirements. All required disclosures have been incorporated and included on the accompanying financial statements and in these notes.

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.

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenue, 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.

Cash and Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Association considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposits and treasury bills, with an original maturity of three months or less.

Property and Equipment

The Association 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 is computed by the straight-line method over estimated useful lives ranging from three to ten years. Leasehold improvements are amortized 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.

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 Association allocates salaries based on estimated time and other expenses such as rent & utilities are allocated based on usage. The Association classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**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 Association when earned. The City remits these assessments to the Association 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.

All contributions are considered available for the Association'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 increase 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.

Program service revenue relates to fees received in exchange for program services. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

In accordance with grant provisions, grants are recorded as revenue when earned, either through expenditure or accomplishment of a specific goal or benchmark. All unreimbursed expenses as of the period-end are recorded as grant receivable and all advanced funds not expended are recorded as refundable advances.

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 uncollectable receivables.

Investments

All investments are measured at fair value on a recurring basis and are reported at their fair values as of June 30, 2019 and 2018 in the statements of financial position.

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

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**NOTES TO 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 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, 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, 2019, all of the Association's investments fall within Level 2 of the fair value hierarchy. The Association did not hold any investments as of June 30, 2018.

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

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Bank deposits and cash	\$ 2,172,164	\$ 4,087,982
Money market funds	<u>863,265</u>	<u>851,772</u>
	<u>\$ 3,035,429</u>	<u>\$ 4,939,754</u>

**Note 4 - Investments**

Investments in United States Treasury Bills include the following fair values and unrealized appreciation at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Fair market value (Level 2)	\$ 1,527,691	\$ -
Adjusted cost	<u>1,526,075</u>	<u>-</u>
Unrealized appreciation/(depreciation)	<u>\$ 1,616</u>	<u>\$ -</u>

**Note 5 - Property and Equipment**

Property and equipment by major class consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
<u>Nondepreciable:</u>		
Construction in progress	\$ 196,500	\$ -
<u>Depreciable:</u>		
Leasehold improvements	700,580	700,580
Kiosk	24,804	24,804
Office equipment	31,538	31,538
Radio and communications	43,385	43,385
Furniture and fixtures	<u>37,689</u>	<u>11,615</u>
	1,034,496	811,922
Less: Accumulated depreciation and amortization	<u>(804,478)</u>	<u>(801,998)</u>
	<u>\$ 230,018</u>	<u>\$ 9,924</u>

**Note 6 - Fundraising Activities**

The Association does not engage in any organized fundraising activity internally but does solicit contributions from individuals and corporations in an informal manner. The costs associated with the fundraising activities are deemed negligible, and as such, have not been identified on the accompanied financial statements.

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 7 - Commitments, Contingencies and Related Party**

The Association leases office space under a noncancellable operating lease from a board member at below fair market value. As of June 30, 2019 the minimum aggregate annual rental commitments are as follows:

Year ended June 30, 2020	\$ 487,830
2021	500,026
2022	512,527
2023	525,340
2024	538,474
2025 to 2027	1,355,812

Total rent and related expense charged to operations for the years ended June 30, 2019 and 2018 was \$550,342 and \$577,574, respectively.

**Note 8 - Public Plaza License**

The Association signed a five year license agreement, with renewal options, with the New York City Department of Transportation (DOT) to manage and maintain multiple public pedestrian plazas located within the district. The agreement allows the Association 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.

**Note 9 - Concentrations**

The Association 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 (SIPC) 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 insured limits during the years ended June 30, 2019 and 2018.

**Note 10 - Government Grants**

During the years ended June 30, 2019 and 2018, the Association was awarded various grants by governmental entities. Total expenses expended under the grants amounted to \$20,000 and \$40,000 for the years ended June 30, 2019 and 2018.

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**NOTES TO FINANCIAL STATEMENTS**

Note 11 - Pension Plan

Effective January 1, 2004, the Association adopted a qualified cash or deferred compensation plan under section 403(b) of the Internal Revenue Code. Under the 403(b) plan, employees may elect to defer up to twenty percent (20%) of their salary, subject to Internal Revenue Service limits. In addition, the 403(b) plan allows for the Association to make discretionary contributions based on the participant's salary. Effective July 1, 2018, the Association adopted a qualified cash or deferred compensation plan under 457(b) of the Internal Revenue Code. Any employee age 21 or over who has completed twelve months of consecutive calendar months of employment may participate in the 457(b) plan. Under the 457(b) plan, employees may elect to defer up to one-hundred percent (100%) of their salary, subject to Internal Revenue Service Limits. The Association contributions to the plans that were charged to operations amounted to \$130,960 for 2019, and \$109,641 for 2018

Note 12 - Liquidity and Availability of Financial Assets

The Association 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 Association 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 Association's financial assets, as of June 30, 2019 and 2018, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 3,035,429	\$ 4,939,754
Program revenue and receivables	1,000	21,000
Investments	<u>1,527,691</u>	<u>-</u>
Total financial assets	4,564,120	4,960,754
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>\$ 4,564,120</u>	<u>\$ 4,960,754</u>

Note 13 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through November 26, 2019, 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 of  
Fashion Center District Management Association, Inc.  
(d/b/a Garment District Alliance)

We have audited the financial statements of Fashion Center District Management Association, Inc. (d/b/a Garment District Alliance) as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon dated November 26, 2019, 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.

*Skody Scot & Company, CPAs, PC*

New York, NY  
November 26, 2019



**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**SCHEDULE OF EXPENSES AND BUDGET**  
**(Supplemental Financial Information)**  
**YEAR ENDED JUNE 30, 2019**

	<u>Total Expenses</u>	<u>Operating Budget</u>
Personnel costs:		
Executive salaries	\$ 708,378	\$ 727,552
Support salaries	958,953	775,577
Hourly staff	2,593,863	2,697,453
Payroll taxes and benefits	1,569,989	1,872,600
Pension	130,960	142,700
Outside contractors	536,998	597,120
Total personnel costs	<u>6,499,141</u>	<u>6,813,002</u>
Direct expenses:		
Depreciation and amortization	2,480	30,000
Events	230,504	150,000
Horticulture	267,037	712,000
Insurance	440,992	323,000
Rent and utilities	550,342	537,300
Postage	4,065	4,000
Printing	31,804	39,000
Professional fees	89,429	123,500
Equipment/supplies	331,881	229,700
Office expenses	54,639	24,000
Promotion	105,006	35,000
Telephone	11,288	18,500
Travel and meetings	46,884	55,000
Uniform and recruitment	12,453	32,500
Repairs and maintenance	16,715	47,000
Project expenses	515,562	1,874,250
Website design & maintenance	7,658	7,500
Total direct expenses	<u>2,718,739</u>	<u>4,242,250</u>
Total expenses	<u>\$ 9,217,880</u>	<u>\$ 11,055,252</u>

**FASHION CENTER DISTRICT MANAGEMENT ASSOCIATION, INC.**  
**(D/B/A GARMENT DISTRICT ALLIANCE)**  
**SCHEDULE OF PUBLIC PLAZA**  
**ACTIVITIES AND BUDGET**  
**(Supplemental Financial Information)**  
**YEAR ENDED JUNE 30, 2019**

	<u>Actual Activity</u>	<u>DOT Plaza Budget</u>
<b>Support and Revenues:</b>		
Concession fees, sponsorships and gifts	\$ 127,619	\$ 80,000
<b>Expenses:</b>		
Direct expenses:		
Cleaning/trash removal (Cap & Dev Proj)	438,482	464,801
Public safety (Security)	556,456	581,186
Landscape maintenance (Cap & Dev Proj)	185,734	160,000
Repairs/replacement (Cap & Dev Proj)	6,087	261,500
Equipment, supplies, and other (Cap & Dev Proj)	105,857	34,672
Events (Cap & Dev Proj)	158,154	250,000
Total direct expenses	1,450,770	1,752,159
Administrative costs:		
Administration allocation	225,190	212,789
Total administrative costs	225,190	212,789
Total expenses	1,675,960	1,964,948
Excess/(deficit) revenues from plaza activities	\$ (1,548,341)	
Balance of Accrual Fund, at end of year	\$ -	

Note - The above information is prepared in accordance with agreement #CT 841 20100012953 with New York City Department of Transportation dated October 29, 2009 and amended on December 7, 2010. The above expenses are included on Page 4 in the (program) noted above.