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***THEATER SUBDISTRICT COUNCIL  
LOCAL DEVELOPMENT CORPORATION***

**Financial Statements for the  
Year Ended May 31, 2018  
and Independent Auditors' Report**

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**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT  
CORPORATION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Theater Subdistrict Council Local Development Corporation

We have audited the accompanying financial statements of the Theater Subdistrict Council Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities and cash flows for the year 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from 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 the Theater Subdistrict Council Local Development Corporation as of May 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Wei Wei & Co. LLP*

Flushing, New York  
July 24, 2018

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF FINANCIAL POSITION**

**MAY 31, 2018**

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**ASSETS**

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Cash (*Note 3*) \$ 1,818,681

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**TOTAL ASSETS** \$ 1,818,681

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**LIABILITIES AND NET ASSETS**

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Accounts payable and accrued expenses \$ 460,991

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Commitments (*Notes 2 and 4*)

Net assets:

Unrestricted 1,282,690

Permanently restricted (*Notes 2 and 4*) 75,000

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**TOTAL NET ASSETS** 1,357,690

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**TOTAL LIABILITIES AND NET ASSETS** \$ 1,818,681

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See accompanying notes to financial statements.

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2018**

	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>REVENUE:</b>			
Interest	\$ 3,587	\$ -	\$ 3,587
<b>EXPENSES:</b>			
Program services:			
Grants	446,420	-	446,420
Management and general:			
Consultant	17,600	-	17,600
Professional fees	4,946	-	4,946
Fees and permits	275	-	275
<b>TOTAL EXPENSES</b>	<b>469,241</b>	<b>-</b>	<b>469,241</b>
DECREASE IN NET ASSETS	(465,654)	-	(465,654)
NET ASSETS - BEGINNING OF YEAR	1,748,344	75,000	1,823,344
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,282,690</b>	<b>\$ 75,000</b>	<b>\$ 1,357,690</b>

See accompanying notes to financial statements.

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

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Change in net assets	\$ (465,654)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Increase in accounts payable and accrued expenses	444,165
Net cash (used in) operating activities	(21,489)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(21,489)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,840,170
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,818,681</b>

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**SUPPLEMENTAL DISCLOSURE OF ADDITIONAL  
CASH FLOW INFORMATION:**

Cash paid for interest	\$ -
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See accompanying notes to financial statements.

# THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

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### 1. NATURE OF ORGANIZATION

The Theater Subdistrict Council Local Development Corporation (the “Organization”), is a not-for-profit organization, formed under New York Not-For-Profit Corporation Law. The Organization was established pursuant to the Theater Subdistrict regulations of a 1998 New York City Zoning Resolution.

The Organization was formed for the purpose of promoting theater and theater-related use and preserving and promoting the welfare of the New York City Theater Subdistrict. The Theater Subdistrict is a designated area in New York City that includes several Broadway theaters.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of presentation**

The financial statement presentation follows the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets:* Net assets that are not subject to any donor-imposed stipulations.

*Temporarily restricted net assets:* Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

*Permanently restricted net assets:* Net assets subject to donor-imposed or other legal restrictions requiring that principal be maintained permanently by the Organization.

Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements. At May 31, 2018, temporarily restricted net assets and permanently restricted net assets were \$0 and \$75,000, respectively.

# THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue

Under the Zoning resolution when unused developments rights of a Broadway theater are transferred, the parties to the transaction must make a payment that is deposited in the Theater Subdistrict Fund established by the Organization. Revenue is recognized when payments are received as governmental support.

#### Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### In-kind contributions

The Organization recognizes and records contributions of donated non-cash assets at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. The donated services the Organization received are volunteer services that do not meet the criteria for recognition under accounting principles generally accepted in the United States of America, therefore, they are not reflected in the financial statements.

# THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Fair value measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in level 1 that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Carrying values of non-derivative financial instruments, including cash, accounts payable and accrued expenses approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended May 31, 2018.

#### **Income tax status**

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). This IRC section enables the Organization to accept donations which qualify as charitable contributions to the donor. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Accordingly, no provision for income taxes has been made in the financial statements. The Organization files with the Internal Revenue Service Form 990, “Return of Organization Exempt from Income Tax” and the related State and local exempt organization returns as required.

# THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income tax status (continued)

The Organization follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for uncertain tax positions taken or expected to be taken in income tax returns. The positions are judged whether they meet the “more-likely-than-not” threshold based upon the technical merits of the positions. The Organization believes that it does not have any uncertain tax positions.

The Organization’s 2015, 2016 and 2017 tax years are open and subject to examination by the tax authorities. However, the Organization is not currently under examination nor has it been contacted by any of the tax authorities.

#### Use of estimates

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

#### Investments

The Organization is only permitted to invest in Federal discount notes, US Treasury Bills, US Treasury Notes and Guaranteed Federal Government Securities. No investments were made for the year ended May 31, 2018.

### 3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts, which at times, may exceed the insured limits of \$250,000 per financial institution. At May 31, 2018, the cash balance in excess of FDIC insured limits was approximately \$1,569,000. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash.

# **THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**MAY 31, 2018**

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### **4. COMMITMENTS**

The Organization is required to maintain \$75,000 of its net assets for inspection and monitoring of certain theaters and their compliance with the maintenance and use obligations and the amount is included in the permanently restricted net assets on the statement of financial position.

### **5. SUBSEQUENT EVENTS**

The Organization's management has performed subsequent events procedures through July 24, 2018, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosure as stated herein.