

**EXCHANGE PLACE ALLIANCE
SPECIAL IMPROVEMENT DISTRICT**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022



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**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
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YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Exchange Place Alliance Special Improvement District
Jersey City, New Jersey

Opinion

We have audited the accompanying financial statements of Exchange Place Alliance Special Improvement District, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Exchange Place Alliance Special Improvement District as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Exchange Place Alliance Special Improvement District, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 8 to the financial statements, in 2023 Exchange Place Alliance Special Improvement District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Exchange Place Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Exchange Place Alliance Special Improvement District internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Exchange Place Alliance Special Improvement District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

The financial statements of Exchange Place Alliance Special Improvement District, as of June 30, 2022 were audited by Sobel & Co., LLC, whose shareholders and professional staff joined CliftonLarsonAllen LLP as of February 1, 2023, and has subsequently ceased operations. Sobel & Co., LLC's report dated October 28, 2022, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Livingston, New Jersey
November 3, 2023

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 691,494	\$ 5,919,358
Accounts Receivable, Net	859	-
Investments	1,504,975	-
Prepaid Expenses	39,125	281,027
Total Current Assets	2,236,453	6,200,385
FURNITURE AND EQUIPMENT, NET	7,470	37,932
OTHER ASSETS		
Right-of-Use (ROU) Asset, Net of Accumulated Amortization	96,011	-
Security Deposits	9,555	-
Total Other Assets	105,566	-
Total Assets	\$ 2,349,489	\$ 6,238,317
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 819,100	\$ 227,250
Short Term Lease Liability - Operating	33,660	-
Due to Jersey City	-	251,940
Total Current Liabilities	852,760	479,190
NONCURRENT LIABILITIES		
Long Term Lease Liability - Operating	65,473	-
Total Liabilities	918,233	479,190
NET ASSETS		
Without Donor Restrictions	1,431,256	5,759,127
Total Liabilities and Net Assets	\$ 2,349,489	\$ 6,238,317

See accompanying Notes to Financial Statements.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
City Assessments	\$ 3,749,999	\$ -	\$ 3,749,999
Event Revenue	1,198	-	1,198
Donated Facilities	-	-	-
Miscellaneous Revenue	1,400	-	1,400
Interest Income	2,342	-	2,342
Unrealized Gain on Investments	5,096	-	5,096
Total Support and Revenues	3,760,035	-	3,760,035
EXPENSES			
Program	7,412,528	-	7,412,528
Management and General	675,378	-	675,378
Total Expenses	8,087,906	-	8,087,906
CHANGES IN NET ASSETS	(4,327,871)	-	(4,327,871)
Net Assets - Beginning of Year	5,759,127	-	5,759,127
NET ASSETS - END OF YEAR	\$ 1,431,256	\$ -	\$ 1,431,256

See accompanying Notes to Financial Statements.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
City Assessments	\$ 3,500,013	\$ -	\$ 3,500,013
Event Revenue	4,180	-	4,180
Donated Facilities	11,250	-	11,250
Miscellaneous Revenue	30,180	-	30,180
Interest Income	3,110	-	3,110
Total Support and Revenues	<u>3,548,733</u>	<u>-</u>	<u>3,548,733</u>
EXPENSES			
Program	3,218,234	-	3,218,234
Management and General	650,362	-	650,362
Total Expenses	<u>3,868,596</u>	<u>-</u>	<u>3,868,596</u>
CHANGES IN NET ASSETS	(319,863)	-	(319,863)
Net Assets - Beginning of Year	<u>6,078,990</u>	<u>-</u>	<u>6,078,990</u>
NET ASSETS - END OF YEAR	<u>\$ 5,759,127</u>	<u>\$ -</u>	<u>\$ 5,759,127</u>

See accompanying Notes to Financial Statements.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 260,244	\$ 173,496	\$ 433,740
Payroll Taxes and Benefits	55,664	37,110	92,774
Total Salaries and Related Expenses	<u>315,908</u>	<u>210,606</u>	<u>526,514</u>
City Improvements	6,308,232	-	6,308,232
Grants	-	141,573	141,573
Advertising	3,948	-	3,948
Professional Fees	-	239,499	239,499
Event Expenses	761,929	-	761,929
Insurance	22,511	5,628	28,139
Office Expenses	-	16,388	16,388
Occupancy	-	12,399	12,399
Miscellaneous Expense	-	10,823	10,823
Depreciation and Amortization Expense	-	38,462	38,462
Total Expenses by Function	<u>\$ 7,412,528</u>	<u>\$ 675,378</u>	<u>\$ 8,087,906</u>

See accompanying Notes to Financial Statements.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 370,911	\$ 92,728	\$ 463,639
Payroll Taxes and Benefits	68,653	17,163	85,816
Total Salaries and Related Expenses	<u>439,564</u>	<u>109,891</u>	<u>549,455</u>
City Improvements	2,541,169	-	2,541,169
Grants	-	169,532	169,532
Advertising	16,312	-	16,312
Professional Fees	-	212,905	212,905
Event Expenses	185,631	-	185,631
Insurance	35,558	8,889	44,447
Office Expenses	-	15,974	15,974
Occupancy	-	11,250	11,250
Miscellaneous Expense	-	6,349	6,349
Depreciation and Amortization Expense	-	41,358	41,358
Other Expenses	-	74,214	74,214
Total Expenses by Function	<u>\$ 3,218,234</u>	<u>\$ 650,362</u>	<u>\$ 3,868,596</u>

See accompanying Notes to Financial Statements.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Used by Operating Activities:	\$ (4,327,871)	\$ (319,863)
Depreciation	38,462	41,358
Amortization of ROU Asset	3,122	-
Unrealized Gain on investments	(5,096)	-
Change in Operating Assets and Liabilities:		
Accounts Receivable	(859)	200
Prepaid Expenses	241,902	(245,082)
Due to Jersey City	(251,940)	74,214
Security Deposits	(9,555)	-
Accounts Payable and Accrued Expenses	591,850	8,273
Net Cash Used by Operating Activities	(3,719,985)	(440,900)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,999,879)	-
Proceeds from Sale of Investments	500,000	-
Purchase of Equipment	(8,000)	-
Net Cash Used by Investing Activities	(1,507,879)	-
CHANGE IN CASH AND CASH EQUIVALENTS	(5,227,864)	(440,900)
Cash - Beginning of Year	5,919,358	6,360,258
CASH - END OF YEAR	\$ 691,494	\$ 5,919,358
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 118	\$ 148

See accompanying Notes to Financial Statements.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Exchange Place Alliance Special Improvement District (the Organization) was incorporated October 7, 2016, and began operations July 10, 2017. The Organization aims to promote economic growth while also attracting new retail, commercial, and other businesses to the area. The Organization will elevate the neighborhood through capital improvements, repairs and maintenance, landscaping, cleaning, and programming. Previously untapped sources of revenue will be utilized for improvements, including the restoration of, and upgrades to, Exchange Place Plaza, Christopher Columbus Drive, and other areas in the district.

The Alliance will also work to enhance the sense of arrival for the area. New amenities will include wayfinding signage and informational kiosks to help direct the public, comfort stations, tables and chairs along the Hudson River Waterfront Walkway, Citi Bike stations, and public Wi-Fi.

As a part of its mission, the Alliance will focus on communication with the membership and public regarding new organizations, events, and businesses within the district.

Basis of Accounting

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

Financial Statement Presentation

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Currently, the Organization only has net assets without donor restrictions.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value

Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

Level 1 – Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data.

Level 3 – Valuations based on unobservable inputs are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

The fair values of investments are as follows:

US Treasury Bonds – Valued at quoted market prices of valuations provided by commercial pricing services or the mean of bid and ask prices provided by investment brokers.

Cash

Cash includes all liquid cash currently held in a single financial institution.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements in order for them to conform to the 2022 financial statement presentation.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment

Furniture and fixtures in excess of \$1,000 are capitalized as assets and recorded at cost, except for donated items, which are recorded at the fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Furniture and Equipment	5 Years
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When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Repairs and maintenance that do not extend the useful lives of the related assets are expensed as incurred.

City Assessments

City assessment revenue is derived from a special assessment imposed and collected by Jersey City with the regular property tax payment, or payment in lieu of taxes, for designated properties deemed to be within the district. Amounts are recorded as received in accordance with the approved budget.

Revenue Recognition

The Organization derives its revenues from appropriations provided by the Jersey City Municipality in exchange for services provided within the area zoned as a special improvement district. Revenues are recognized over time as the year progress and services are performed and fully recognized. There is no variable consideration or discounts due to the nature of the transaction.

Donated Facilities

Donated facilities provided by a board member are recorded at the estimated fair value and reflected as donated facilities in the accompanying financial statements. The value of donated facilities for the years ended June 30, 2023 and 2022, was approximately \$-0- and \$11,250, respectively.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expenses were \$3,948 and \$16,312 for the years ended June 30, 2023 and 2022, respectively.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from income taxes under the Internal Revenue Code and applicable state law for governmental units. Accordingly, no provision for federal or state income taxes has been presented in the accompanying financial statements.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during 2023 or 2022. At June 30, 2023 and 2022, there were no significant income tax uncertainties.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's best estimate and judgment. Actual results could differ from those estimates.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, with certain practical expedients available.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard (Continued)

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 a lease liability of \$106,831, which represents the present value of the remaining operating lease payments of \$114,697 discounted using the risk-free rate which is 4.61%, and a right-of-use asset of \$106,831.

The standard had a material impact on the statements of financial position but did not have a material impact on the statements of activities and changes in net assets, nor the statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Leases

The Organization leases office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Subsequent Events

The Organization has evaluated subsequent events through November 3, 2023, the date the financial statements were available to be issued.

NOTE 2 FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at June 30:

	2023	2022
Furniture and Equipment	\$ 214,793	\$ 206,793
Less: Accumulated Depreciation	(207,323)	(168,861)
Furniture and Equipment, Net	\$ 7,470	\$ 37,932

Depreciation expense for the years ended June 30, 2023 and 2022, was \$38,462 and \$41,358 respectively, and is included in depreciation and amortization expense on the statements of functional expenses.

NOTE 3 DUE TO JERSEY CITY

During the year ended June 30, 2022, the Organization was notified by Jersey City that it had received funds in excess of its fiscal year 2021 assessment. As of June 30, 2022, the Organization recorded \$251,940 as due to Jersey City on the statements of financial position. There were no such amounts due to Jersey City as of June 30, 2023.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 FUNCTIONAL EXPENSES

Program services, management and general expenses have been recorded in the statements of activities and changes in net assets and on the statements of functional expenses based on both a direct costing method for those expenses directly attributable to a particular function or special event or on an allocation basis for costs attributable to all functions. Management and general expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of the Organization. Salaries and insurance are allocated based on a time study. The remaining expenses are direct costs.

NOTE 5 DONATED GOODS AND SERVICES

The Organization received in-kind contributions of facilities from a board member. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation.

During the fiscal years ended June 30, 2023 and 2022, the Organization received donated facilities for office space.

	2023	2022
Facilities	\$ -	\$ 11,250

All donated services and assets were utilized by the Organization's management and administrative services. There were no donor-imposed restrictions associated with the donated services and assets.

NOTE 6 INVESTMENTS

The investments held in the brokerage accounts include cash held in money market funds and US Treasury bonds. For financial statement purposes, money market cash is included in cash and cash equivalents.

	2023			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Bonds	\$ 1,504,975	\$ -	\$ -	\$ 1,504,975

The cost basis of the above investments totaled \$1,499,879 at June 30, 2023.

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 CONCENTRATION OF RISK

Cash Balances

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash. The Organization maintains its cash in an account with federally insured institutes. At times, the balances in these accounts may be in excess of federally insured limits.

Purchases

During the years ended June 30, 2023 and 2022, 61% and 42% of the Organization's total purchases were made from one vendor.

NOTE 8 SIGNIFICANT RISKS AND UNCERTANTIES

The Organization is involved with certain claims and other routine litigation matters in the normal course of operations. In the opinion of management, after consultation with legal counsel, the outcome of such matters is not expected to have a material adverse effect on the Organization's financial position or results of operations.

NOTE 9 LEASES – ASC 842

The Organization leased an office space in Jersey City, New Jersey under an operating lease which expires on March 30, 2026.

The following table provides quantitative information concerning the Organization's leases.

	Year Ending June 30, 2023
<u>Lease Expense</u>	
Operating Lease Expense	\$ 12,400
Total Lease Cost	<u>\$ 12,400</u>
 <u>Other Information</u>	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 9,277
ROU Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 106,831
Weighted-Average Remaining Lease Term in Years for Operating Leases	2.8 Years
Weighted-Average Discount Rate for Operating Leases	4.61%

**EXCHANGE PLACE ALLIANCE SPECIAL IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 LEASES – ASC 842 (CONTINUED)

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 37,386
2025	38,508
2026	<u>29,526</u>
Total Undiscounted Cash Flows	105,420
Less: Present Value Discount	<u>(6,287)</u>
Total Lease Liabilities	<u><u>\$ 99,133</u></u>
Short-Term Lease Liabilities	\$ (33,660)
Long-Term Lease Liabilities	<u>(65,473)</u>
	<u><u>\$ (99,133)</u></u>

NOTE 10 RETIREMENT PLANS

The Organization is a covered entity participating under the Paychex Integrated 401(k) Plan, as defined under Section 401(k) of the U.S. Internal Revenue Code (IRC), for eligible employees. Eligible employees may make contributions up to the maximum amount allowed by the IRC. The Organization matches 100% of an employee’s contribution, up to 4% of an employee’s compensation for each payroll period. The Organization made matching contributions of \$11,353 and \$13,500 for the years ended June 30, 2023 and 2022, respectively, and are included as payroll taxes and benefits on the statements of functional expenses.

NOTE 11 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 691,494	\$ 5,919,358
Accounts Receivable	859	-
Investments	<u>1,504,975</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u><u>\$ 2,197,328</u></u>	<u><u>\$ 5,919,358</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.