

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

REPORT OF AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

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**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2020 AND 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Englewood Special Improvement District Management Corporation
Englewood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Englewood Special Improvement District Management Corporation (a nonprofit organization) which comprises the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the fiscal 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 opinions 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 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 consolidated 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 consolidated financial statements.

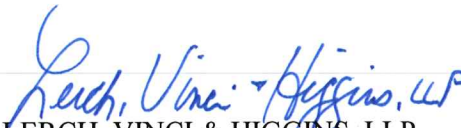
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence related to certain purchases made and payroll charges incurred by the Englewood Special Improvement District Management Corporation for the fiscal year ended June 30, 2020. Consequently, we were unable to determine if the Englewood Special Improvement District Management Corporation's control procedures were adequate or whether any adjustments to those amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Englewood Special Improvement District Management Corporation as of June 30, 2020 and 2019, and the changes in financial position and cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
February 18, 2022

ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 705,867	
Cash and Cash Equivalents held by Third Party	3,873	\$ 758,375
Accounts Receivable		
Assessments Receivable	9,751	2,265
Due from City of Englewood	90,852	2,960
Other Receivables	<u>-</u>	<u>2,870</u>
 Total Assets	 <u>\$ 810,343</u>	 <u>\$ 766,470</u>
 LIABILITIES		
Current Liabilities		
Assessment Overpayments	\$ 3,621	\$ 2,693
Accounts Payable	<u>7,429</u>	<u>17,610</u>
 Total Current Liabilities	 <u>11,050</u>	 <u>20,303</u>
 NET ASSETS		
Net Assets		
Without Donor Restrictions	<u>799,293</u>	<u>746,167</u>
 Total Net Assets	 <u>799,293</u>	 <u>746,167</u>
 Total Liabilities and Net Assets	 <u>\$ 810,343</u>	 <u>\$ 766,470</u>

ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER SUPPORT		
Assessments Levied on Local Businesses	\$ 247,258	\$ 244,650
Interest on Late Assessments	620	216
Farmers Market Applications		1,500
Interest Income	<u>2,512</u>	<u>203</u>
 Total Revenues and Other Support	 <u>250,390</u>	 <u>246,569</u>
EXPENSES		
Program Services	150,265	119,066
Supporting Services		
General and Administrative	<u>46,999</u>	<u>35,205</u>
 Total Expenses	 <u>197,264</u>	 <u>154,271</u>
 Change in Net Assets	 53,126	 92,298
 NET ASSETS, BEGINNING OF YEAR	 <u>746,167</u>	 <u>653,869</u>
 NET ASSETS, END OF YEAR	 <u>\$ 799,293</u>	 <u>\$ 746,167</u>

The Accompanying Notes are an Integral Part of These Financial Statements

ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 53,126	\$ 92,298
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Assessments Receivable	(7,486)	(443)
(Increase) Decrease in Receivable From City	(87,892)	38,778
(Increase) Decrease in Other Receivables	2,870	(2,870)
Increase (Decrease) in Overpayments	928	2,213
Increase (Decrease) in Accounts Payable	<u>(10,181)</u>	<u>4,637</u>
Net Cash Provided by Operating Activities	<u>(48,635)</u>	<u>134,613</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(48,635)	134,613
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>758,375</u>	<u>623,762</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 709,740</u>	<u>\$ 758,375</u>

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Supporting Services General and Admin.</u>	<u>Total</u>
COMPENSATION AND BENEFITS			
Salaries and Wages	-	\$ 46,999	\$ 46,999
Total Salaries and Wages	<u>-</u>	<u>46,999</u>	<u>46,999</u>
NON-PAYROLL EXPENSES			
Utilities	\$ 7,524		7,524
Marketing and Public Relations	16,174		16,174
Insurance	3,270		3,270
City Beautification	122,206		122,206
Maintenance and Repairs	571		571
Miscellaneous	<u>520</u>	<u>-</u>	<u>520</u>
Total Non-Payroll Expenses	<u>150,265</u>	<u>-</u>	<u>150,265</u>
Total Expenses	<u>\$ 150,265</u>	<u>\$ 46,999</u>	<u>\$ 197,264</u>

EXHIBIT E

**ENGLEWOOD SID DISTRICT MANAGEMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>Supporting Services General and Admin.</u>	<u>Total</u>
COMPENSATION AND BENEFITS			
Salaries and Wages	-	\$ 5,205	\$ 5,205
Total Salaries and Wages	<u>-</u>	<u>5,205</u>	<u>5,205</u>
NON-PAYROLL EXPENSES			
Utilities	\$ 16,317		16,317
Marketing and Public Relations	38,542		38,542
Professional Fees	924	30,000	30,924
Equipment	5,085		5,085
City Beautification	57,102		57,102
Maintenance and Repairs	1,000		1,000
Miscellaneous	<u>96</u>	<u>-</u>	<u>96</u>
Total Non-Payroll Expenses	<u>119,066</u>	<u>30,000</u>	<u>149,066</u>
Total Expenses	<u>\$ 119,066</u>	<u>\$ 35,205</u>	<u>\$ 154,271</u>

NOTES TO FINANCIAL STATEMENTS

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Englewood Special Improvement District Management Corporation (“SID” or the “Corporation”), a non-profit corporation was established to promote economic growth and employment within the City of Englewood’s downtown business district and to foster and encourage programs to enhance the local businesses.

The SID adopts an annual budget and assesses the businesses within the SID’s corporate boundaries. The assessment provides resources for the expenses incurred by the SID. The assessments are determined utilizing the square footage of the local business within the SID.

The Board of Trustees consists of seven (7) members, including one (1) member from the City Council, and six (6) members from businesses within the City. The Board of Trustees, excluding the City Council member, are elected for three year terms.

Basis of Accounting

The financial statements of the SID are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The SID prepares its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update No. 2016-14, dated August 2016, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities* (FASB Update). In addition, the Organization uses the FASB’s *Accounting for Contributions Received and Made*.

The Standards require that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Accounting for contributions received and made requires that unconditional promises to give be reported as receivables and revenue and requires the Corporation to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. The net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions include all funds not restricted by a donor or grantor and assets whose use is not restricted through contractual or regulatory control of a third-party payer or under debt agreements.

Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets that represent those amounts which are donor restricted for specific purposes. The SID has not received any contributions from donors with restrictions during the fiscal years ended June 30, 2020 and 2019.

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit with a maturity date of less than three months from acquisition. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2020 and 2019. The SID's cash deposits of \$3,873 and \$758,375 were held by the City of Englewood at June 30, 2020 and 2019, respectively, and any amounts over \$250,000 were covered under the Governmental Unit Deposit Protection Act.

Investments

Investments consist primarily of certificates of deposit, marketable equity securities, money market funds under the custodianship of various brokerage firms. All investments are stated at fair market value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. For the fiscal years ended June 30, 2020 and 2019 the SID had no outstanding investments.

Revenues and Other Support

Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the organization considers revenues to be available if they are collected within 90 days after year-end.

Allocation of Functional Expenses

Identifiable expenses are charged directly to program services and supporting services.

Reclassifications

Certain amounts in the prior year financial statements may have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The adoption of FASB Update No. 2016-14 requires the presentation of qualitative information on how the organization manages its liquid assets, available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit’s financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. Accordingly, the SID has presented the statement of financial position utilizing a classified format which presents current and noncurrent assets and liabilities.

The following reflects the SID’s financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use because of contractual, board designations or donor-imposed restrictions within one year of the balance sheet date.

	<u>2020</u>	<u>2019</u>
Financial Assets, at June 30	\$ 810,343	\$ 766,470
Less those unavailable for general expenditures within one year, due to:	_____ -	_____ -
Financial Assets available to meet cash needs for general expenditures within one year	<u>\$ 810,343</u>	<u>\$ 766,470</u>

NOTE 3 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (the “COVID-19 Crisis”). On March 13, 2020, President Trump declared a national emergency to release federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, has also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the City of Englewood and the SID have instituted necessary precautions and procedures, so as to allow the SID to continue to provide services during this time. The SID is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The City will continue to collect the SID’s assessments. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the SID’s operations; however, such amounts, if any, could be material.

NOTE 4 EVALUATION OF SUBSEQUENT EVENTS

The SID has evaluated subsequent events through February 18, 2022, the date which the financial statements were available to be issued.