

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT  
MANAGEMENT CORPORATION**

**REPORT OF AUDIT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT  
MANAGEMENT CORPORATION**

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**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

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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

#### *Opinion*

We have audited the accompanying financial statements of the Englewood Special Improvement District Management Corporation (a nonprofit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Englewood Special Improvement District Management Corporation and subsidiary as of June 30, 2022 and 2021, 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.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United State 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 the Englewood Special Improvement District Management Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statement are available to be issued.


## *Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is 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 and Government 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 and Government Auditing Standards, we:

- Exercise professional judgement 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 the Englewood Special Improvement District Management Corporation's 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Englewood Special Improvement District Management Corporation'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.

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants

Fair Lawn, New Jersey  
March 28, 2023

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION**  
**COMPARATIVE STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 552,728	\$ 396,453
Cash and Cash Equivalents held by Third Party	90	94,744
Accounts Receivable		
Assessments Receivable	6,944	9,165
Due from City of Englewood	34,243	132,712
Other Receivables	<u>149,876</u>	<u>149,876</u>
 Total Assets	 <u>\$ 743,881</u>	 <u>\$ 782,950</u>
 <b>LIABILITIES</b>		
Current Liabilities		
Assessment Overpayments	\$ 4,556	\$ 10,748
Accounts Payable	<u>17,896</u>	<u>16,977</u>
 Total Current Liabilities	 <u>22,452</u>	 <u>27,725</u>
 <b>NET ASSETS</b>		
Net Assets		
Without Donor Restrictions	<u>721,429</u>	<u>755,225</u>
 Total Net Assets	 <u>721,429</u>	 <u>755,225</u>
 Total Liabilities and Net Assets	 <u>\$ 743,881</u>	 <u>\$ 782,950</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION**  
**COMPARATIVE STATEMENTS OF ACTIVITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>REVENUES AND OTHER SUPPORT</b>		
Assessments Levied on Local Businesses	\$ 187,500	\$ 125,000
Interest Income	<u>1,550</u>	<u>3,045</u>
Total Revenues and Other Support	<u>189,050</u>	<u>128,045</u>
<b>EXPENSES</b>		
Program Services	185,404	130,560
Supporting Services		
General and Administrative	<u>37,442</u>	<u>41,553</u>
Total Expenses	<u>222,846</u>	<u>172,113</u>
Change in Net Assets	(33,796)	(44,068)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>755,225</u>	<u>799,293</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 721,429</u>	<u>\$ 755,225</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (33,796)	\$ (44,068)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Assessments Receivable	2,221	586
(Increase) Decrease in Receivable From City	98,469	(41,860)
(Increase) Decrease in Other Receivables	-	(149,876)
Increase (Decrease) in Overpayments	(6,192)	7,127
Increase (Decrease) in Accounts Payable	<u>919</u>	<u>9,548</u>
Net Cash Provided (Used) by Operating Activities	<u>61,621</u>	<u>(218,543)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	61,621	(218,543)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>491,197</u>	<u>709,740</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 552,818</u>	<u>\$ 491,197</u>



**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Supporting Services General and Admin.</u>	<u>Total</u>
<b>NON-PAYROLL EXPENSES</b>			
Management Fee		\$ 36,000	\$ 36,000
Office Expenses		1,442	1,442
Utilities	\$ 11,537		11,537
Marketing and Public Relations	5,090		5,090
Professional Fees	9,425		9,425
Insurance	3,388		3,388
City Beautification	26,800		26,800
Public Improvements and Planning	12,545		12,545
Maintenance and Repairs	116,558		116,558
Miscellaneous	61	-	61
	<u>185,404</u>	<u>37,442</u>	<u>222,846</u>
Total Non-Payroll Expenses	<u>185,404</u>	<u>37,442</u>	<u>222,846</u>
Total Expenses	<u>\$ 185,404</u>	<u>\$ 37,442</u>	<u>\$ 222,846</u>

**ENGLEWOOD SID DISTRICT MANAGEMENT CORPORATION  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Supporting Services General and Admin.</u>	<u>Total</u>
<b>NON-PAYROLL EXPENSES</b>			
Management Fee		\$ 34,500	\$ 34,500
Office Improvements and Planning		7,053	7,053
Utilities	\$ 7,344		7,344
Marketing and Public Relations	8,090		8,090
Professional Fees	24,027		24,027
Insurance	3,518		3,518
City Beautification	18,375		18,375
Public Improvements and Planning	25,416		25,416
Maintenance and Repairs	42,327		42,327
Miscellaneous	1,463	-	1,463
	<u>130,560</u>	<u>41,553</u>	<u>172,113</u>
Total Non-Payroll Expenses	<u>130,560</u>	<u>41,553</u>	<u>172,113</u>
Total Expenses	<u>\$ 130,560</u>	<u>\$ 41,553</u>	<u>\$ 172,113</u>

**NOTES TO FINANCIAL STATEMENTS**

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**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:

**New Accounting Standard – FASB Statement**

ASU 2016-02, as amended by ASU 2020-05, *Revenue from Contract with Customers* (Topic 606) and *Leases* (Topic 842); *Effective Dates for Certain Entities*, is effective for most nonprofit organizations for years beginning after December 15, 2021.

The guidance in the ASU retains the difference between operating leases and capital leases (now referred to as financing leases). The primary difference between existing GAAP and the guidance in the ASU is the recognition by lessees of lease assets and lease liabilities in the statement of financial position for operating leases.

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2022 and 2021.

**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, 2022 and 2021. AT June 30, 2022 and 2021, \$303,896 and \$146,453, respectively, of the SID's cash deposits were uninsured. The SID's cash deposits of \$2,090 and \$96,744 were held by the City of Englewood at June 30, 2022 and 2021, 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, 2022 and 2021 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, 2022 AND 2021**

**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, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial Assets, at June 30	\$743,881	\$782,950
Less those unavailable for general expenditures within one year, due to:	<u>149,876</u>	<u>149,876</u>
Financial Assets available to meet cash needs for general expenditures within one year	<u>\$594,005</u>	<u>\$633,074</u>

**NOTE 3 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

In the State, Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The SID expects ongoing actions be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide.

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 3 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)**

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. It is too early to predict if the legislation will have its intended affect.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the SID cannot predict how the outbreak will impact the financial condition or operations of the SID. The SID cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in revenue or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

**NOTE 4 EVALUATION OF SUBSEQUENT EVENTS**

The SID has evaluated subsequent events through March 28, 2023, the date which the financial statements were available to be issued.