

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

REPORT OF AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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. 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 opinion.

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 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
February 16, 2024

ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 415,661	\$ 552,728
Cash and Cash Equivalents held by Third Party	368	90
Assessments Receivable	4,802	6,944
Due from City of Englewood	53,358	34,243
Other Receivables	<u>149,876</u>	<u>149,876</u>
 Total Assets	 <u>\$ 624,065</u>	 <u>\$ 743,881</u>
 LIABILITIES		
Current Liabilities		
Assessment Overpayments		\$ 4,556
Accounts Payable	<u>\$ 35,437</u>	<u>17,896</u>
 Total Current Liabilities	 <u>35,437</u>	 <u>22,452</u>
 NET ASSETS		
Net Assets		
Without Donor Restrictions	<u>588,628</u>	<u>721,429</u>
 Total Net Assets	 <u>588,628</u>	 <u>721,429</u>
 Total Liabilities and Net Assets	 <u>\$ 624,065</u>	 <u>\$ 743,881</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES AND OTHER SUPPORT		
Assessments Levied on Local Businesses	\$ 250,000	\$ 187,500
Interest Income	<u>3,825</u>	<u>1,550</u>
Total Revenues and Other Support	<u>253,825</u>	<u>189,050</u>
EXPENSES		
Program Services	349,279	185,404
Supporting Services		
General and Administrative	<u>37,347</u>	<u>37,442</u>
Total Expenses	<u>386,626</u>	<u>222,846</u>
Change in Net Assets	(132,801)	(33,796)
NET ASSETS, BEGINNING OF YEAR	<u>721,429</u>	<u>755,225</u>
NET ASSETS, END OF YEAR	<u><u>\$ 588,628</u></u>	<u><u>\$ 721,429</u></u>

ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (132,801)	\$ (33,796)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Assessments Receivable	2,142	2,221
(Increase) Decrease in Receivable From City	(19,115)	98,469
Increase (Decrease) in Overpayments	(4,556)	(6,192)
Increase (Decrease) in Accounts Payable	<u>17,541</u>	<u>919</u>
Net Cash Provided (Used) by Operating Activities	<u>(136,789)</u>	<u>61,621</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(136,789)	61,621
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>552,818</u>	<u>491,197</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 416,029</u>	<u>\$ 552,818</u>

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>Supporting Services General and Admin.</u>	<u>Total</u>
NON-PAYROLL EXPENSES			
Management Fee		\$ 36,000	\$ 36,000
Office Expenses		1,347	1,347
Utilities	\$ 14,259		14,259
Marketing and Public Relations	17,220		17,220
Professional Fees	15,650		15,650
Insurance	4,527		4,527
City Beautification	135,027		135,027
Maintenance and Repairs	161,298		161,298
Miscellaneous	<u>1,298</u>	<u>-</u>	<u>1,298</u>
Total Non-Payroll Expenses	<u>349,279</u>	<u>37,347</u>	<u>386,626</u>
Total Expenses	<u>\$ 349,279</u>	<u>\$ 37,347</u>	<u>\$ 386,626</u>

**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>
NON-PAYROLL EXPENSES			
Management Fee		\$ 36,000	\$ 36,000
Office Improvements and Planning		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	<u>61</u>	<u>-</u>	<u>61</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>

The Accompanying Notes are an Integral Part of These Financial Statements

NOTES TO FINANCIAL STATEMENTS

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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, 2023 AND 2022**

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. Board designated net assets are net assets without donor restrictions that are subject to self-imposed limits by action of the governing board. The Board has not designated any nets assets as of the years ended June 30, 2023 and 2022.

Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets that represent those amounts which are donor restricted for specific purposes. When an asset with donor restriction's purpose is accomplished, the expense is reported in the statement of activities as an expense in the with donor restrictions column. The SID has not received any contributions from donors with restrictions during the fiscal years ended June 30, 2023 and 2022.

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 of assets and liabilities and 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. 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, 2023 and 2022. AT June 30, 2023 and 2022, \$166,530 and \$303,896, respectively, of the SID's cash deposits were uninsured. The SID's cash deposits of \$67,876 and \$2,090 were held by the City of Englewood at June 30, 2023 and 2022, 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, 2023 and 2022 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.

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status and Uncertain Tax Positions

The SID's is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The SID's qualifies for the charitable contribution deduction under Section 170(b) (1) (A) (vi) and has been classified as an organization other than a private organization under section 509(a).

The SID's is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The SID's believes that it has the appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The SID's Forms 990, Return of Organizations Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they are filed.

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.

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, 2023 and 2022, 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>2023</u>	<u>2022</u>
Financial Assets, at June 30	\$624,065	\$743,881
Less those unavailable for general expenses within one year, due to:	<u>149,876</u>	<u>149,876</u>
Financial Assets available to meet cash needs for general expenses within one year	<u>\$474,189</u>	<u>\$594,005</u>

**ENGLEWOOD SPECIAL IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 3 RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

The degree of any future impact to the SID's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

NOTE 4 EVALUATION OF SUBSEQUENT EVENTS

The SID has evaluated subsequent events through February 16, 2024, the date which the financial statements were available to be issued.