

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT
MANAGEMENT ASSOCIATION, INC.**

**COMBINED FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

JUNE 30, 2018 AND 2017

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.**

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Grand Central Partnership, Inc.
Grand Central District Management
Association, Inc.

We have audited the accompanying combined financial statements of Grand Central Partnership, Inc. and Grand Central District Management Association, Inc. (both nonprofit organizations), which comprise the combined statements of financial position as of June 30, 2018 and 2017, and the related combined statements of activities, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Grand Central Partnership, Inc. and Grand Central District Management Association, Inc. as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Skody Scot & Company, CPAs, P.C.

New York, NY
September 19, 2018

GRAND CENTRAL PARTNERSHIP, INC
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,616,874	\$ 2,628,920
Program revenue receivable	84,948	63,341
Investments	5,998,023	5,670,432
Prepaid expenses	446,504	345,001
Bond funds held by trustee	1,019,606	1,019,323
Property and equipment, net	6,713,167	7,915,646
Property bond issuance costs, net	84,565	108,725
Security deposits	116,286	116,286
	\$ 16,079,973	\$ 17,867,674
Total assets		
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 497,224	\$ 382,442
Deferred income	85,961	86,078
Deferred rent	154,558	211,791
Accrued bond interest	172,300	188,900
Bonds payable	7,563,660	9,393,255
Total liabilities	8,473,703	10,262,466
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	7,606,270	7,605,208
Temporarily restricted	-	-
Permanently restricted	-	-
	7,606,270	7,605,208
Total net assets		
Total liabilities and net assets	\$ 16,079,973	\$ 17,867,674

See accompanying notes to the combined financial statements.

GRAND CENTRAL PARTNERSHIP, INC
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Support and Revenues:		
Unrestricted:		
Assessment revenue	\$ 12,709,372	\$ 12,709,372
Program service income	417,305	430,399
Pershing Square rental income, net	250,749	248,861
Investment income	<u>186,374</u>	<u>270,633</u>
Total support and revenues	<u>13,563,800</u>	<u>13,659,265</u>
 Expenses:		
Program Expenses:		
Public Safety	2,558,851	2,512,601
Sanitation	3,449,795	3,152,739
External affairs	1,526,637	831,995
District-wide maintenance	3,037,126	3,114,915
Horticulture	576,403	602,226
Social services	230,794	224,548
Tourist greeters	431,237	573,978
Total program expenses	<u>11,810,843</u>	<u>11,013,002</u>
Supporting Services:		
Management and general	<u>1,751,895</u>	<u>1,713,482</u>
Total expenses	<u>13,562,738</u>	<u>12,726,484</u>
 Increase In Net Assets:		
Unrestricted	1,062	932,781
Temporarily restricted	-	-
Permanently restricted	-	-
Increase in net assets	<u>1,062</u>	<u>932,781</u>
 Net assets, beginning of year	<u>7,605,208</u>	<u>6,672,427</u>
 Net assets, end of year	<u><u>\$ 7,606,270</u></u>	<u><u>\$ 7,605,208</u></u>

See accompanying notes to the combined financial statements.

GRAND CENTRAL PARTNERSHIP, INC
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 1,062	\$ 932,781
Adjustments for non-cash items included in operating activities:		
Depreciation	1,252,494	1,306,113
Amorization of bond premium	(145,435)	(166,144)
Investment (gain)/loss	106,409	28,354
Changes in assets and liabilities:		
Program revenue receivable	(21,607)	37,216
Security deposits	-	642
Prepaid expenses	(101,503)	(97,488)
Accounts payable and accrued expenses	98,182	(372,271)
Deferred income	(117)	(14,744)
Deferred rent	(57,233)	(42,746)
Total adjustments	<u>1,131,190</u>	<u>678,932</u>
Net cash provided/(used) by operating activities	<u>1,132,252</u>	<u>1,611,713</u>
Cash flows from investing activities:		
Investment in certificates of deposit	(2,248,000)	(742,000)
Redemption of certificates of deposit	1,814,000	1,511,000
Purchase of property and equipment	(50,015)	-
Net cash provided/(used) by investing activities	<u>(484,015)</u>	<u>769,000</u>
Cash flows from financing activities:		
(Increase)/decrease in funds held by bond trustee	(283)	(3,558)
Repayment of bond principal	(1,660,000)	(1,605,000)
Net cash provided/(used) by investing activities	<u>(1,660,283)</u>	<u>(1,608,558)</u>
Net increase/(decrease) in cash and cash equivalents	(1,012,046)	772,155
Cash and cash equivalents at beginning of year	<u>2,628,920</u>	<u>1,856,765</u>
Cash and cash equivalents at end of year	<u>\$ 1,616,874</u>	<u>\$ 2,628,920</u>
Supplemental information:		
Interest paid	\$ 377,800	\$ 401,875

See accompanying notes to the combined financial statements.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

Grand Central Partnership, Inc.

Grand Central Partnership, Inc. (GCP), a not-for-profit organization, was incorporated in the State of New York in 1985. GCP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. GCP primarily receives its support from promotional program service revenue, lease revenues from an economic development project and general contributions.

Grand Central District Management Association, Inc.

Grand Central District Management Association, Inc. (GCDMA), a not-for-profit organization, was incorporated in the State of New York in 1988. GCDMA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. GCDMA primarily receives its support from a real estate special assessment levied by The City of New York (City) on properties located in the Grand Central Business Improvement District (BID), and from several organizations, which are not legally or otherwise required to make special assessment payments, but voluntarily choose to make such payments. The GCDMA district is comprised of 70 square blocks with irregular boundaries running from East 35th Street to East 54th Street, and from Second Avenue to Fifth Avenue.

Combined Financial Statements

Due to their close organizational relationship, including common management and overlapping Boards of Directors, it has been deemed appropriate to prepare combined financial statements of GCP and GCDMA (referred to collectively as "the Organization"). GCP and GCDMA do not separately record and account for their financial transactions. The Organization maintains its books and records on a combined basis.

Basis of Accounting

The combined financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In accordance with GAAP the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a combined statement of cash flows.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing the combined financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Major Programs

The Organization's seven major programs include the following: Sanitation - Maintaining clean streets/curbs, litter and graffiti removal; Public Safety - Providing increased public security through a combination of uniformed officers and a working relationship with the New York City Police Department and other public and private law enforcement; Tourist Greeters - Providing information, brochures and maps, and tours to visitors, workers, residents and others, at multiple locations in the district; External Affairs - Promoting the district through corporate communications, social media and public relations campaigns; retail and commercial business support; marketing; sponsorship opportunities and special events; and the compilation of demographic and other key data about the Midtown East neighborhood; District-Wide Maintenance - Improving and maintaining the overall appearance of the district by installing streetscape amenities such as public furniture and street lighting, and the cost of financing those improvements; Horticulture - Enhancing the district through plantings and decorations; and the Organization also supports Social Services - Contracting with a homeless outreach organization to provide at-risk individuals with crisis intervention services such as emergency medical and mental health assistance, food, clothing, and temporary and long-term housing.

Cash and Cash Equivalents

For the purposes of the combined statements of financial position and the combined statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in bank notes, with an original maturity of three months or less.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of property and equipment is computed by the straight-line method over estimated useful lives ranging from three to thirty years. Leasehold improvements are depreciated by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments

All investments are measured at fair value on a recurring basis and are reported at their fair values as of June 30, 2018 and 2017 in the consolidated statements of financial position.

Investment income (interest and dividends) is recognized as revenue in the period earned, and gains and losses (realized and unrealized) are recognized in the period they occur.

Revenue Recognition

The real estate assessment levied by the City is recorded by the Organization when earned. The City remits these assessments to the Organization in two installments. An allowance for doubtful accounts is not provided because all assessments are received in the current year. Assessment billing errors are recorded as a direct reduction of assessment revenue.

Program service revenue relates to fees received in exchange for program services and mainly includes payments in lieu of assessments, promotional fees, and maintenance fees. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the combined statements of activities and in the combined schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries based on estimated time and other expenses based on usage. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 2 - Fair Value Measurement of Investments

The Financial Accounting Standards Board (FASB) requires enhanced disclosures about investments that are measured and reported at fair value. FASB establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Investments falling within Level 1 of the fair value hierarchy are valued using inputs based upon quoted prices in active markets for identical investments. Investments that are typically included in Level 1 are listed equity securities, publicly traded mutual funds, and exchange traded funds.

Level 2: Investments falling within Level 2 of the fair value hierarchy are valued using significant observable inputs other than prices quoted in active markets. Examples of Level 2 inputs are model-driven prices, quoted prices for similar investments in active markets, and quoted prices for identical or similar investments in inactive markets. Investments that are typically included in Level 2 are municipal bonds, corporate bonds, and government debt securities.

Level 3: Investments falling within Level 3 of the fair value hierarchy are valued using methodology that is unobservable and significant to the fair value measurement. Level 3 inputs require significant management judgment or estimation. Investments that are typically included in this category are investments in limited partnerships, and investments in private companies or unregistered securities.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of June 30, 2018 and 2017, all of the Organization's investments fall within Level 1 of the fair value hierarchy.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 2 - Fair Value Measurement of Investments (Continued)

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. The Organization's Board of Directors assesses and approves these policies and procedures. At least annually, Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Checking	\$ 288,724	\$1,625,248
Money market funds	<u>1,328,150</u>	<u>1,003,672</u>
	<u>\$1,616,874</u>	<u>\$2,628,920</u>

Note 4 - Concentrations

The Organization maintains its cash, cash equivalents, and investments in various accounts. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. The Securities Investor Protection Corporation insures cash and securities, including money market funds, up to \$500,000 per financial institution. At times, the balances of the checking account exceeded the insured limits during the years ended June 30, 2018 and 2017.

Note 5 - Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
District public furniture and fixtures	\$36,039,156	\$36,039,156
Equipment	379,151	379,151
Furniture and fixtures	198,324	152,339
Leasehold improvements	612,968	608,938
Pershing leasehold improvements	<u>1,729,934</u>	<u>1,729,934</u>
	38,959,533	38,909,518
Less: Accumulated depreciation	<u>(32,246,366)</u>	<u>(30,993,872)</u>
	<u>\$ 6,713,167</u>	<u>\$ 7,915,646</u>

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 6 - Commitments and Contingencies

Office Space

The Organization leases space under several non-cancelable operating leases. Total rent and real estate tax expense charged to operations for the years ended June 30, 2018 and 2017 was \$694,973 and \$706,373, respectively. As of June 30, 2018 minimum aggregate annual rentals are as follows:

Year ended June 30, 2019	\$ 464,342
2020	326,072
2021	324,999
2022	138,801

Pershing Square

In 1995, GCP entered into an agreement with the New York City Department of Citywide Administrative Services to lease retail space under the Pershing Square viaduct for purposes of developing a first-class restaurant. In 1997, GCP entered into a sublease with a subtenant. The lease and sublease both have provisions for additional rents based on a percentage of operating income. As of June 30, 2018, the minimum aggregate annual rental commitments and subtenant commitments are as follows:

	<u>Organization Commitment</u>	<u>Subtenant Commitment</u>
Year ended June 30, 2019	\$ 75,000	\$ 375,000
2020	75,000	375,000
2021	75,000	375,000
2022	75,000	375,000
2023	75,000	46,875
2024 and thereafter	162,500	-

Net rental income for the years ended June 30, 2018 and 2017 is comprised of the following:

	<u>2018</u>	<u>2017</u>
Sublease base rental income	\$ 412,500	\$ 400,000
Taxes billed and other income	434,555	439,376
Less: Lease base rent	(75,000)	(75,000)
Lease additional rent	(196,373)	(194,496)
Amortization of improvements	(66,647)	(66,647)
Taxes and other expenses	<u>(258,286)</u>	<u>(254,372)</u>
Net rental income	<u>\$ 250,749</u>	<u>\$ 248,861</u>

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 7 - Investments

Investment in long-term bank notes include the following fair values and unrealized appreciation at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Fair market value (Level 1)	\$ 5,998,023	\$ 5,670,432
Cost	<u>6,069,000</u>	<u>5,635,000</u>
Unrealized appreciation/(depreciation)	\$(<u>70,977</u>)	\$ <u>35,432</u>

Investment income reported in the combined statements of activities for the years ended June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Interest from bank accounts and funds	\$ 1,893	\$ 601
Interest from bond funds	169,595	190,437
Interest from investments	121,295	107,949
Unrealized interest and gains/(losses)	(<u>106,409</u>)	(<u>28,354</u>)
Total investment income	\$ <u>186,374</u>	\$ <u>270,633</u>

Note 8 - Pension Plan

In 2005, the Organization adopted a deferred compensation plan, which allows matching up to 2% of participant's salary. Organization contributions to the plans for the fiscal years ended June 30, 2018 and 2017 amounted to \$55,507 and \$49,482, respectively.

Note 9 - Related Party Transactions

The Organization rents office space disclosed in Note 6. A board member is the Vice Chair of the entity serving as the management agent for the landlord.

The Organization also leases economic development space from The City of New York which is disclosed in Note 6 - Pershing Square. Representatives from the City serve as board members of the Organization.

The Organization leases exterior roof-top space for neighborhood lighting, from entities related to three board members. The entities are reimbursed for electric costs based on electrical usage for this purpose. For the years ended June 30, 2018 and 2017, amounts paid to the entity amounted to \$12,152 and \$25,188, respectively.

The Organization uses donated space in the main concourse of Grand Central Terminal, which is under the control of the Metropolitan Transportation Authority (MTA). A representative from the MTA serves as a board member of the Organization.

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 9 - Related Party Transactions (Continued)

The Organization was contracted by MTA to complete a number of lighting and signage improvements to the façade of Grand Central Terminal and the Pershing Square viaduct for Grand Central Terminal's Centennial Legacy Initiative. The total project cost was estimated to be \$788,000 of which \$464,000 was funded by MTA. GCP acted as project manager and engaged vendors to perform the work, but has no future obligations for maintaining the improvements. This contract was completed in fiscal year 2017.

Note 10 - Bonds Payable

In 1994, GCDMA issued \$29,855,000 in Capital Improvement Refunding Bonds-Series 1994 (Series 1994 Bonds) to refinance Capital Improvement Bonds-Series 1992 (Series 1992) which were issued to finance various street improvements within the District. In January 2002, the Series 1992 Bonds were called for \$27,336,000, and in January 2003 the remaining bonds were repaid.

In February 2004, GCDMA issued \$26,545,000 in Capital Improvement Refunding Bonds-Series 2004 (Series 2004 Bonds) to refund \$28,646,000 of the Series 1994 Bonds (the Refunded Bonds). In connection with these bonds, GCDMA incurred issuance costs of \$893,900, which were amortized over the life of the debt. Proceeds of the Series 2004 Bonds, together with other available funds of the Series 1994 Bonds, were deposited with the trustee and used to (a) pay the Refunded Bonds and related costs of the Series 2004 Bonds; and (b) pay the costs of remaining street improvements. This series allowed redemption in January 2014, and the GCDMA exercised this option.

In December 2013, GCDMA issued \$13,590,000 in Capital Improvement Refunding Bonds - Series 2013 (Series 2013 Bonds) at a premium of \$1,296,334. The Series 2013 Bonds were issued for the purpose of refunding \$14,660,000 of the Series 2004 Bonds. This series has no early redemption provision. In connection with the Series 2013 Bonds, GCDMA incurred issuance costs of \$193,287, which will be amortized over the life of the debt.

At June 30, 2018 and 2017, bonds payable amounted to:

	<u>2018</u>	<u>2017</u>
Series 2013, plus unamortized bond premium of \$333,660 and \$503,225, respectively	<u>\$ 7,563,660</u>	<u>\$ 9,393,255</u>

As required under the bond resolution, GCDMA maintains certain funds which are held by the trustee. At June 30, 2018 and 2017, the balances in these funds were as follows:

	<u>2018</u>	<u>2017</u>
Debt service fund	\$ 172,622	\$ 188,970
Principal fund	<u>846,984</u>	<u>830,353</u>
Total	<u>\$ 1,019,606</u>	<u>\$ 1,019,323</u>

**GRAND CENTRAL PARTNERSHIP, INC.
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 10 - Bonds Payable (Continued)

The projected final debt service payments on the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Debt service</u>
Year ended June 30, 2019	1,690,000	344,600	2,034,600
2020	1,760,000	277,000	2,037,000
2021	1,845,000	189,000	2,034,000
2022 - last	1,935,000	96,750	2,031,750

Note 11 - Fundraising Expenses

The Organization conducted activities that included direct solicitations for sponsorships (fundraising). However, the costs of personnel conducting those sponsorship activities were immaterial and not separately stated.

Note 12 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through September 19, 2018, which is the date the financial statements were available to be issued.



Skody Scot & Company, CPAs, P.C.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To: The Board of Directors
Grand Central Partnership, Inc.
Grand Central District Management
Association, Inc.

We have audited the combined financial statements of Grand Central Partnership, Inc. and Grand Central District Management Association, Inc. as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon dated September 19, 2018, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The combined schedules of functional expenses, and expenses and budget are presented for the purpose of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Skody Scot & Company, CPAs, PC

New York, NY
September 19, 2018

GRAND CENTRAL PARTNERSHIP, INC
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017

	2 0 1 8									2017	
	Program Expenses										
	Public Safety	Sanitation	External Affairs	District-wide Maintenance	Horticulture	Social Services	Tourist Greeters	Total Program	Management & General	Total Expenses	Total Expenses
Personnel costs:											
Salaries staff	\$ 694,925	\$ 511,757	\$ 514,973	\$ 297,052	\$ 165,398	\$ 96,992	\$ 133,354	\$ 2,414,451	\$ 895,343	\$ 3,309,794	\$ 3,070,396
Hourly staff	1,142,620	1,707,793	11,565	23,992	-	-	177,134	3,063,104	-	3,063,104	2,853,271
Payroll taxes/benefits	379,289	731,417	129,653	61,527	25,516	19,201	88,987	1,435,590	199,570	1,635,160	1,517,492
Total personnel costs	<u>2,216,834</u>	<u>2,950,967</u>	<u>656,191</u>	<u>382,571</u>	<u>190,914</u>	<u>116,193</u>	<u>399,475</u>	<u>6,913,145</u>	<u>1,094,913</u>	<u>8,008,058</u>	<u>7,441,159</u>
Other expenses:											
Depreciation & amortization	-	-	-	1,183,671	-	-	-	1,183,671	2,176	1,185,847	1,239,466
Insurance	92,807	90,577	22,632	68,160	17,049	-	21,871	313,096	39,136	352,232	413,592
Interest	-	-	-	385,360	-	-	-	385,360	-	385,360	426,035
Maintenance	4,095	3,532	1,780	143,831	-	-	2,057	155,295	3,375	158,670	93,261
Other expenses	1,795	2,604	26,444	1,189	-	-	230	32,262	25,154	57,416	63,370
Outside contractors	2,859	117,809	734,497	724,548	237,307	113,853	-	1,930,873	60,805	1,991,678	1,560,166
Printing	-	-	9,814	-	-	-	-	9,814	5,034	14,848	23,347
Professional fees	30,259	13,152	58,751	6,999	-	-	75	109,236	56,013	165,249	165,897
Rent and utilities	160,904	160,905	-	40,265	-	-	-	362,074	426,132	788,206	825,742
Supplies	40,035	100,986	8,931	90,947	130,319	505	5,567	377,290	30,213	407,503	416,650
Telephone	9,263	9,263	7,597	9,585	814	243	1,962	38,727	8,944	47,671	57,799
Total expenses	<u>\$ 2,558,851</u>	<u>\$ 3,449,795</u>	<u>\$ 1,526,637</u>	<u>\$ 3,037,126</u>	<u>\$ 576,403</u>	<u>\$ 230,794</u>	<u>\$ 431,237</u>	<u>\$ 11,810,843</u>	<u>\$ 1,751,895</u>	<u>\$ 13,562,738</u>	<u>\$ 12,726,484</u>

GRAND CENTRAL PARTNERSHIP, INC
GRAND CENTRAL DISTRICT MANAGEMENT ASSOCIATION, INC.
COMBINED SCHEDULE OF EXPENSES AND BUDGET
(Supplemental Financial Information)
YEAR ENDED JUNE 30, 2018

	Total Expenses	Assessment Budget
Personnel costs:		
Staff salaries	\$ 3,309,794	\$ 3,062,861
Hourly staff	3,063,104	3,288,538
Payroll taxes and benefits	1,635,160	1,730,206
	8,008,058	8,081,605
Other expenses:		
Depreciation & amortization	1,185,847	1,414,640
Insurance	352,232	442,500
Interest	385,360	385,360
Maintenance	158,670	92,341
Other expenses	57,416	89,913
Outside contractors	1,991,678	1,492,187
Printing	14,848	15,835
Professional fees	165,249	222,292
Rent and utilities	788,206	888,345
Supplies	407,503	471,445
Telephone	47,671	51,409
Total other expenses	5,554,680	5,566,267
	\$ 13,562,738	\$ 13,647,872