



**34TH STREET PARTNERSHIP, INC.**

Financial Statements and Schedule

June 30, 2017

(with comparative financial information as of June 30, 2016)

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## **Independent Auditors' Report**

The Board of Directors  
34th Street Partnership, Inc.:

We have audited the accompanying financial statements of 34th Street Partnership, Inc., which comprise the balance sheet as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 U.S. generally accepted accounting principles; 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of 34th Street Partnership, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



### **Report on Summarized Comparative Information**

We have previously audited 34th Street Partnership, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*KPMG LLP*

October 24, 2017

**34TH STREET PARTNERSHIP, INC.**

Balance Sheet

June 30, 2017

(with comparative financial information as of June 30, 2016)

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 482,153	425,857
Accounts receivable and other assets	285,917	304,514
Due from related party (note 9)	—	216,979
Funds held by bond trustee (note 4)	3,519,904	5,662,651
Property and equipment, net (note 3)	42,339	93,996
District improvements, net of accumulated amortization of \$15,497,707 and \$14,430,553 in 2017 and 2016, respectively	<u>13,561,441</u>	<u>12,818,492</u>
Total assets	<u>\$ 17,891,754</u>	<u>19,522,489</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses (note 6)	\$ 1,092,932	1,294,121
Due to related party (note 9)	283,020	—
Accrued bond interest (note 4)	277,825	311,200
Bonds payable (note 4)	<u>13,631,754</u>	<u>15,037,624</u>
Total liabilities	15,285,531	16,642,945
Commitments and contingencies (notes 6 and 8)		
Net assets – unrestricted	<u>2,606,223</u>	<u>2,879,544</u>
Total liabilities and net assets	<u>\$ 17,891,754</u>	<u>19,522,489</u>

See accompanying notes to financial statements.

**34TH STREET PARTNERSHIP, INC.**

Statement of Activities

Year ended June 30, 2017

(with summarized financial information for the year ended June 30, 2016)

	<u>Operating and board- designated</u>	<u>Bond- financed activity</u>	<u>District improvements</u>	<u>2017 total</u>	<u>2016 total</u>
Revenue and other support:					
Assessments (notes 1 and 4):	\$ 10,885,000	—	—	10,885,000	10,885,000
Contributions in lieu of assessment	218,388	—	—	218,388	231,476
Parks revenue	1,542,253	—	—	1,542,253	886,086
Other program service revenue	844,455	—	—	844,455	450,407
Interest	2,407	215	—	2,622	7,482
Other revenue	8,215	—	—	8,215	2,152
<b>Total revenue and other support</b>	<u>13,500,718</u>	<u>215</u>	<u>—</u>	<u>13,500,933</u>	<u>12,462,603</u>
Expenses:					
Program services:					
Capital projects	2,189,229	(70,870)	1,067,154	3,185,513	2,716,799
Security	2,130,198	—	—	2,130,198	2,080,139
Sanitation	3,208,154	—	—	3,208,154	2,987,100
Visitor services	366,088	—	—	366,088	397,864
Taxi stands	319,917	—	—	319,917	309,814
Special maintenance	370,399	—	—	370,399	359,750
Public events	136,047	—	—	136,047	157,314
Retail services	341,238	—	—	341,238	344,612
Promotion	270,329	—	—	270,329	209,200
Design	332,768	—	—	332,768	305,878
Horticulture	716,454	—	—	716,454	671,099
Parks management	1,196,515	—	—	1,196,515	771,554
<b>Total program services</b>	<u>11,577,336</u>	<u>(70,870)</u>	<u>1,067,154</u>	<u>12,573,620</u>	<u>11,311,123</u>
Supporting services:					
Management and general	1,200,634	—	—	1,200,634	1,105,758
<b>Total expenses</b>	<u>12,777,970</u>	<u>(70,870)</u>	<u>1,067,154</u>	<u>13,774,254</u>	<u>12,416,881</u>
Increase (decrease) in net assets before transfers	722,748	71,085	(1,067,154)	(273,321)	45,722
Transfer – bond principal retired	(1,335,000)	1,335,000	—	—	—
Transfer – district improvements acquired	—	(1,810,103)	1,810,103	—	—
<b>Increase (decrease) in net assets</b>	<u>(612,252)</u>	<u>(404,018)</u>	<u>742,949</u>	<u>(273,321)</u>	<u>45,722</u>
Net assets (deficit) at beginning of year	879,556	(10,818,504)	12,818,492	2,879,544	2,833,822
<b>Net assets (deficit) at end of year</b>	<u>\$ 267,304</u>	<u>(11,222,522)</u>	<u>13,561,441</u>	<u>2,606,223</u>	<u>2,879,544</u>

See accompanying notes to financial statements.

**34TH STREET PARTNERSHIP, INC.**  
Statement of Functional Expenses  
Year ended June 30, 2017  
(with summarized financial information for the year ended June 30, 2016)

	Capital projects	Security	Sanitation	Visitor services	Taxi stands	Special maintenance	Program services Public events	Retail services	Promotion	Design	Horticulture	Parks management	Total	Supporting services Management and general	2017 total	2016 total
Salaries and wages	\$ 539,986	1,338,802	1,908,177	241,838	198,911	265,542	87,266	161,912	82,429	216,759	73,258	541,669	5,656,549	740,714	6,397,263	5,954,667
Payroll taxes and payroll-related expenses	67,774	191,239	334,208	36,661	27,063	47,674	11,670	18,991	10,708	33,665	11,322	64,387	855,362	79,836	935,198	931,630
Health insurance	54,431	339,119	464,025	38,157	66,700	25,666	8,497	10,421	14,011	14,113	14,421	49,800	1,099,361	55,771	1,155,132	1,018,101
Total salaries and benefits	662,191	1,869,160	2,706,410	316,656	292,674	338,882	107,433	191,324	107,148	264,537	99,001	655,856	7,611,272	876,321	8,487,593	7,904,398
Contracted services	131,962	477	57,405	1,932	—	14	5,711	101,678	140,812	24,377	601,672	150,977	1,217,015	24,744	1,241,759	1,039,955
Accounting and legal	8,192	—	34,816	—	—	—	—	13,168	—	199	1,551	119,496	177,422	74,454	251,876	240,681
Liability and related insurance	39,253	118,902	136,945	20,600	14,275	19,057	6,263	11,620	5,916	15,556	5,257	28,513	422,157	53,155	475,312	385,405
Rent and related	47,967	115,131	96,236	15,508	9,528	6,034	9,767	17,990	11,458	22,451	6,674	81,060	439,804	55,258	495,062	440,299
Supplies	131,558	12,371	140,798	3,842	2,655	5,878	2,771	656	—	185	966	35,463	337,143	16,118	353,261	324,348
Travel and entertainment	3,433	—	1,986	1,105	—	—	93	263	71	924	78	236	8,189	5,564	13,753	11,866
Communications	10,736	4,857	6,269	3,371	243	153	1,219	1,463	1,199	1,826	1,163	1,563	34,062	5,996	40,048	46,044
Maintenance, repair, and cleaning	530,536	5,025	13,946	326	474	300	141	251	166	325	92	66,948	618,540	6,338	624,878	270,869
Dues and subscriptions	1,000	167	—	1,759	—	—	456	1,468	1,995	1,890	—	5,955	14,690	33,764	48,454	43,692
Equipment	31,760	2,012	13,000	820	—	81	667	—	1,354	498	—	23,287	73,479	2,372	75,851	69,949
Interest	589,025	—	—	—	—	—	—	—	—	—	—	—	589,025	—	589,025	648,200
Depreciation and amortization	996,284	—	—	—	—	—	—	—	—	—	—	20,587	1,016,871	31,070	1,047,941	961,349
Miscellaneous	1,616	2,096	343	169	68	—	1,526	1,349	210	—	—	6,574	13,951	15,490	29,441	29,826
Total – 2017	\$ 3,185,513	2,130,198	3,208,154	366,088	319,917	370,399	136,047	341,238	270,329	332,768	716,454	1,196,515	12,573,620	1,200,634	13,774,254	
Total – 2016	\$ 2,716,799	2,080,139	2,987,100	397,864	309,814	359,750	157,314	344,612	209,200	305,878	671,099	771,554	11,311,123	1,105,758		\$ 12,416,881

See accompanying notes to financial statements.

**34TH STREET PARTNERSHIP, INC.**

Statement of Cash Flows

Year ended June 30, 2017

(with comparative financial information for the year ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (273,321)	45,722
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,047,941	961,349
Changes in operating assets and liabilities:		
Accounts receivable and other assets	18,597	267,626
Due from related parties	216,979	(216,979)
Accounts payable and accrued expenses	(201,189)	587,635
Due to related parties	283,020	(48,214)
Accrued bond interest	(33,375)	(25,800)
Net cash provided by operating activities	<u>1,058,652</u>	<u>1,571,339</u>
Cash flows from investing activity:		
Acquisition of district improvements	<u>(1,810,103)</u>	<u>(1,395,234)</u>
Net cash used in investing activity	<u>(1,810,103)</u>	<u>(1,395,234)</u>
Cash flows from financing activities:		
Additions to funds held by bond trustee	(10,885,505)	(10,890,982)
Withdrawals from funds held by bond trustee	13,028,252	12,088,808
Repayment of Series 2011 bond principal	<u>(1,335,000)</u>	<u>(1,290,000)</u>
Net cash provided by (used in) financing activities	<u>807,747</u>	<u>(92,174)</u>
Increase in cash and cash equivalents	56,296	83,931
Cash and cash equivalents at beginning of year	<u>425,857</u>	<u>341,926</u>
Cash and cash equivalents at end of year	\$ <u><u>482,153</u></u>	\$ <u><u>425,857</u></u>
Supplemental cash flow disclosure:		
Interest paid during the year	\$ 622,400	674,000

See accompanying notes to financial statements.

## 34TH STREET PARTNERSHIP, INC.

### Notes to Financial Statements

June 30, 2017

(with comparative financial information as of June 30, 2016)

#### (1) Description of Organization

34th Street Partnership, Inc. (the Partnership) is a not-for-profit entity incorporated in 1992, in cooperation with the City of New York (the City), by property owners, tenants, and City officials with an interest in the district along the 34th Street corridor in Manhattan (the District). The Partnership is a district management association organized to promote and support the District and to execute a plan approved by the City Council for providing supplemental services and capital improvements to the District.

The property owners and tenants within the District have agreed to fund the approved activities of the Partnership through assessments levied against real property located within the District and collected by the City. The maximum assessment and use of the funds is determined annually by the Partnership. Assessments of \$10,885,000 were transferred to the Partnership to be used in operations for the years ended June 30, 2017 and 2016, respectively.

The Partnership has been determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its tax-exempt purpose. The Partnership recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for fiscal 2017 or 2016.

#### (2) Summary of Significant Accounting Policies

##### (a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

##### (b) Basis of Presentation

The Partnership's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that will be met by either actions of the Partnership and/or the passage of time. The Partnership has received no temporarily restricted contributions.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently. The Partnership has received no permanently restricted contributions.

Revenues are reported as an increase in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, if any (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), are reported as net assets released from restrictions.



**34TH STREET PARTNERSHIP, INC.**

Notes to Financial Statements

June 30, 2017

(with comparative financial information as of June 30, 2016)

**(c) Cash and Cash Equivalents**

The Partnership considers money market funds and other interest-bearing deposits with original maturities of three months or less to be cash equivalents. Cash equivalents are recorded at cost, which approximates fair value.

Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Partnership had cash balances at June 30, 2017 that exceeded the balance insured by the FDIC in the amount of \$79,195.

**(d) District Improvements**

The Partnership provides program services and capital improvements to the District. As discussed in note 4, the Partnership has issued bonds to finance certain capital improvement projects, including, but not limited to, the installation of distinctive sidewalk corners, street lights, and park improvements.

District improvements are capitalized as costs are incurred, on the basis that they provide a future economic benefit to the District and its property owners, and are amortized on a straight-line basis over the estimated useful life of the improvement, ranging from 5 to 30 years.

**(e) Contributions**

Contributions, which include unconditional promises to give, as applicable, are recognized, at fair value, as revenue in the period received. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets.

**(f) Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized by program and supporting services benefited in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Fund-raising activities are not significant to the operations of the Partnership.

**(g) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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. Actual results could differ from those estimates. Significant estimates include the allocation of functional expenses, the allocation of payroll, insurance and occupancy expenses between the Partnership and Bryant Park Corporation (BPC), with which it shares common management and office space, as well as, the collectability of accounts receivable and amortization of district improvements.

## 34TH STREET PARTNERSHIP, INC.

### Notes to Financial Statements

June 30, 2017

(with comparative financial information as of June 30, 2016)

#### (h) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follow:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3: Inputs that are unobservable.

#### (i) Comparative Financial Information

The accompanying financial statements include certain 2016 comparative information. With respect to the accompanying statement of activities, information in 2016 is presented in the aggregate. With respect to the statement of functional expenses, information in 2016 is presented in the aggregate and not detailed by function. Accordingly, such information should be read in conjunction with the Partnership's fiscal 2016 financial statements from which the summarized information was derived.

#### (3) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over estimated useful lives of three to five years. Leasehold improvements are amortized over the estimated useful life of the improvement or the lease term, if shorter.

At June 30, 2017 and 2016, property and equipment consisted of following:

	<u>2017</u>	<u>2016</u>
Furniture and fixtures	\$ 356,599	356,599
Machinery and equipment	151,938	151,938
Leasehold improvements	<u>262,931</u>	<u>262,931</u>
	771,468	771,468
Accumulated depreciation and amortization	<u>(729,129)</u>	<u>(677,472)</u>
Property and equipment, net	<u>\$ 42,339</u>	<u>93,996</u>

#### (4) Bonds Payable

On November 8, 2011, the Partnership issued \$18,795,000 in Capital Improvement Bonds, Series 2011 (Series 2011 Bonds). The proceeds of the Series 2011 Bonds were used to establish a refunding escrow fund, sufficient to pay principal and interest on the Partnership's outstanding Series 2003 Capital Improvement Refunding Bonds (Series 2003 Bonds), through their redemption date, January 1, 2013, as well as, to provide \$6,260,000 for additional approved capital improvements.

**34TH STREET PARTNERSHIP, INC.**

Notes to Financial Statements

June 30, 2017

(with comparative financial information as of June 30, 2016)

In connection with the issuance of these bonds, which were issued at a premium of \$1,654,575, the Partnership incurred bond issuance costs of \$296,223. These amounts have been deferred and are being amortized over the life of the related debt. Unamortized premium of \$1,165,398 and \$1,251,723 in 2017 and 2016, respectively, is included in bonds payable. Likewise, unamortized bond issuance costs of \$208,644 and \$224,099 in 2017 and 2016, respectively, have been subtracted from bonds payable. Amortization of bond premium and issuance costs amounted to \$86,325 and \$15,455, respectively, for both of the years ended June 30, 2017 and 2016.

The Series 2011 Bonds, maturing on various dates through January 1, 2031, are secured by assessments, bond proceeds, and funds established under the bond indenture. As required under the bond resolution, the Partnership maintains certain funds, which are held by the trustee. These funds are invested in Bank of New York Mellon Cash Reserve Funds, which are cash equivalents. The inputs to the fair value measurement are considered Level 1 in the fair value hierarchy.

At June 30, 2017 and 2016, the balances in these funds held by bond trustee were as follows:

	<u>2017</u>	<u>2016</u>
Construction and acquisition fund	\$ 857,535	3,004,697
Reserve fund	1,679,189	1,679,021
Debt service fund	<u>983,180</u>	<u>978,933</u>
	\$ <u>3,519,904</u>	<u>5,662,651</u>

The future debt service payments on the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Year ending June 30:			
2018	\$ 1,410,000	555,650	1,965,650
2019	1,465,000	499,250	1,964,250
2020	1,525,000	440,650	1,965,650
2021	1,585,000	379,650	1,964,650
2022	1,660,000	300,400	1,960,400
Thereafter	<u>5,030,000</u>	<u>859,200</u>	<u>5,889,200</u>
	\$ <u>12,675,000</u>	<u>3,034,800</u>	<u>15,709,800</u>

Interest on the Series 2011 Bonds ranges from 3.0% to 5.0% per annum. Interest expense on the outstanding bond obligation was \$589,025 and \$648,200 for the years ended June 30, 2017 and 2016, respectively.

**34TH STREET PARTNERSHIP, INC.**

Notes to Financial Statements

June 30, 2017

(with comparative financial information as of June 30, 2016)

The Partnership is required to meet certain financial covenants in connection with the respective outstanding bonds. For the years ended June 30, 2017 and 2016, the Partnership was in compliance with these covenants.

**(5) Pension Benefits**

The Partnership has a defined contribution retirement plan covering all personnel. Pension cost for the years ended June 30, 2017 and 2016 was \$133,897 and \$121,881, respectively.

**(6) Lease Agreements**

On April 12, 2017, the Partnership and BPC amended their lease agreement at 5 Bryant Park (1065 Avenue of the Americas), New York, New York, to extend its term for an additional 10 years, commencing March 1, 2018. The original lease commenced on January 1, 2010, and was to expire February 28, 2018. The Partnership has been allocated its proportionate share, based on utilization, of the straight-line rental expense and deferred rent obligation for this lease. The Partnership's share of rent expense amounted to \$173,381 and \$172,107 for the years ended June 30, 2017 and 2016, respectively. Deferred rent obligation of \$61,544 and \$43,369 at June 30, 2017 and 2016, respectively, is included in accounts payable and accrued expenses.

The Partnership also leases space at 212 West 35th Street, New York, New York, under a lease that commenced on February 1, 1997 and expires on August 31, 2020. Rent expense for the space at 212 West 35th Street was \$195,568 and \$192,379 for the years ended June 30, 2017 and 2016, respectively.

The future minimum lease payments, based on current allocation percentages, are as follows:

	<u>212 West 35th Street</u>	<u>5 Bryant Park</u>	<u>Total</u>
Year ending June 30:			
2018	\$ 227,873	94,728	322,601
2019	233,570	385,243	618,813
2020	239,409	385,243	624,652
2021	40,064	385,243	425,307
2022	—	385,243	385,243
Thereafter	—	2,303,430	2,303,430
	<u>\$ 740,916</u>	<u>3,939,130</u>	<u>4,680,046</u>

The Partnership is jointly liable for total lease commitments of \$10,432,014 at 5 Bryant Park

**(7) Parks and Plazas**

The Partnership has, pursuant to a license agreement with the New York City Department of Parks and Recreation, dated June 9, 1997, improved, managed and maintained Herald and Greeley Square Parks (the Parks). The Parks sit within the two triangle areas created by the intersection of Broadway and Sixth Avenue, between 32nd and 35th Streets. The Partnership has made capital improvements to the Parks totaling \$4,365,149 which are included in District Improvements.

## **34TH STREET PARTNERSHIP, INC.**

### Notes to Financial Statements

June 30, 2017

(with comparative financial information as of June 30, 2016)

The Partnership's license agreement to manage the Parks expired on June 9, 2017, however, the Partnership has continued to manage the Parks under a temporary permit, dated June 8, 2017. A new license agreement has been negotiated and was approved by the City's Franchise and Concession Review Committee on October 11, 2017. The new agreement will become effective upon its recording by the City's Comptroller's Office.

The Partnership also manages, pursuant to a license agreement with the New York City Department of Transportation, dated May 7, 2012, four pedestrian plazas on Broadway and Sixth Avenue between 33rd and 36th Streets (the Plazas). The license agreement to manage the Plazas expired on May 7, 2017. The Partnership continues to manage the Plazas under the terms of the expired agreement while a new agreement is being negotiated.

Each of the license agreements to manage and maintain the Parks and the Plazas allow the Partnership to receive revenue from concessions, events, activations and sponsorships. Any such revenue is to be used to pay for the cost of providing management and maintenance services to the respective spaces. Revenue earned in each of the spaces and expenses incurred are included in the Schedule of Revenue and Expenses Incurred in the Management and Operation of Herald and Greeley Square Parks and Broadway Plazas. Park and Plazas revenue is included in Parks revenue and Other revenue in the Statement of Activities. Park and Plazas expenses are included in several Program services in the Statement of Activities, including: Capital projects, Security, Sanitation, Horticulture and Parks Management.

#### **(8) Litigation**

The Partnership is a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot currently be determined, management is of the opinion that eventual liability, if any, will not have a material effect on the financial position of the Partnership.

#### **(9) Related Parties**

The Partnership shares common management and office space with BPC and its affiliated business improvement district, Bryant Park Management Corporation (BPMC). At June 30, 2017 the Partnership was indebted to BPC and BPMC for their net proportionate share of certain revenues and expenses in the amount of \$283,020. Likewise, at June 30, 2016, the BPC and BPMC were indebted to the Partnership in the amount of \$216,979.

#### **(10) Subsequent Events**

In connection with the preparation of the financial statements, the Partnership evaluated subsequent events after the balance sheet date of June 30, 2017 through October 24, 2017, which was the date the financial statements were issued. The Partnership has determined that there are no additional subsequent events to disclose.

**34TH STREET PARTNERSHIP, INC.**Schedule of Revenue and Expenses Incurred in the Management and Operation of Herald and Greeley  
Square Parks and Broadway Plazas

Year ended June 30, 2017

	<u>Parks</u>	<u>Broadway Plazas</u>
Revenue:		
Events, activations and photo shoots	\$ 900,335	340,512
Concessions	279,540	21,866
Other	—	1,985
	<u>1,179,875</u>	<u>364,363</u>
Expenses:		
Salaries and wages	444,743	172,638
Payroll taxes and payroll-related expenses	51,319	28,326
Health insurance	52,752	33,901
	<u>548,814</u>	<u>234,865</u>
Contracted services	41,836	20,070
Plants, plant installation and maintenance	74,973	59,236
Accounting and legal	119,722	1,055
Liability and related insurance	24,172	14,466
Rent	9,502	21,222
Utilities	49,435	—
Supplies	36,238	5,324
Communications	1,096	1,319
Maintenance and repair	34,319	3,847
Dues and subscriptions	3,221	435
Furniture and equipment	16,156	2,280
Depreciation and amortization	157,561	8,531
Miscellaneous	744	1,685
	<u>1,117,789</u>	<u>374,335</u>
Total expenses		
	<u>1,117,789</u>	<u>374,335</u>
Increase (decrease) in net assets from Park and Plaza operations	\$ <u>62,086</u>	<u>(9,972)</u>

See accompanying independent auditors' report.