34TH STREET PARTNERSHIP, INC.

Financial Statements and Supplemental Schedule

June 30, 2023

(With Independent Auditors' Report Thereon)

34TH STREET PARTNERSHIP, INC.

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

Independent Auditors' Report

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

Opinion

We have audited the financial statements of 34th Street Partnership, Inc. (the Partnership), which comprise the balance sheet as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 statements in accordance with U.S. generally accepted accounting principles, 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 Partnership's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment 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 Partnership'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership'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.

Report on Summarized Comparative Information

We have previously audited 34th Street Partnership, Inc's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

New York, New York
October 20, 2023

34TH STREET PARTNERSHIP, INC.

Balance Sheet

June 30, 2023
(with comparative financial information as of June 30, 2022)

Assets		**2023**	**2022**
Cash and cash equivalents	$	1,138,675	999,486
Accounts receivable and other assets		491,156	360,406
Funds held by bond trustee (note 7)		90,621	919,815
Property and equipment, net (note 4)		429,536	357,087
Right-of-use assets (notes 2(i) and 9)		3,248,396	3,877,838
District improvements, net (notes 5 and 10)		8,040,345	9,067,096
Total assets	$	13,438,729	15,581,728
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	496,599	606,149
Due to related party (note 12)		701,918	354,180
Accrued bond interest (note 7)		13,597	23,427
Operating lease liabilities (notes 2(i) and 9)		3,510,570	4,138,261
Bonds payable (note 7)		1,155,106	2,921,453
Total liabilities		5,877,790	8,043,470
Commitments and contingencies (notes 9 and 11)			
Net assets – without donor restrictions		7,560,939	7,538,258
Total liabilities and net assets	$	13,438,729	15,581,728

See accompanying notes to financial statements.

34TH STREET PARTNERSHIP, INC.

Statement of Activities

Year ended June 30, 2023
(with summarized financial information for the year ended June 30, 2022)

	Operating and board-designated	Bond-financed activity	District improvements	2023 total	2022 total
Revenue and other support:					
Assessments (notes 1 and 7)	$ 13,000,000	—	—	13,000,000	13,000,000
Contributions in lieu of assessment	234,898	—	—	234,898	124,982
Contributions	—	—	—	—	50,000
Parks revenue (note 10)	734,999	—	—	734,999	596,942
Other program service revenue	464,891	—	—	464,891	370,422
Interest	113,475	—	—	113,475	720
Other revenue	1,432	—	—	1,432	172
Total revenue and other support	14,549,695	—	—	14,549,695	14,143,238
Expenses:					
Program services:					
Capital projects	1,175,534	18,653	1,101,758	2,295,945	2,226,441
Security	2,601,688	—	—	2,601,688	2,334,310
Sanitation	4,157,813	—	—	4,157,813	4,080,149
Visitor services	404,618	—	—	404,618	361,087
Taxi stands	444,877	—	—	444,877	402,216
Special maintenance	580,291	—	—	580,291	602,714
Public events	509,241	—	—	509,241	429,794
Retail services	304,724	—	—	304,724	302,449
Promotion	322,752	—	—	322,752	323,305
Design	—	—	—	—	18,423
Horticulture	937,538	—	—	937,538	899,719
Parks management	527,390	—	—	527,390	406,896
Total program services	11,966,466	18,653	1,101,758	13,086,877	12,387,503
Supporting services:					
Management and general	1,440,137	—	—	1,440,137	1,315,960
Total expenses	13,406,603	18,653	1,101,758	14,527,014	13,703,463
Increase (decrease) in net assets before gain on forgiveness of debt and transfers	1,143,092	(18,653)	(1,101,758)	22,681	439,775
Gain on:					
Forgiveness of debt (note 6)	—	—	—	—	1,446,513
Increase (decrease) in net assets before transfers	1,143,092	(18,653)	(1,101,758)	22,681	1,886,288
Transfer – bond principal retired	(1,785,000)	1,785,000	—	—	—
Transfer – district improvements acquired	(75,007)	—	75,007	—	—
Increase (decrease) in net assets	(716,915)	1,766,347	(1,026,751)	22,681	1,886,288
Net assets (deficit) at beginning of year	1,392,615	(2,921,453)	9,067,096	7,538,258	5,651,970
Net assets (deficit) at end of year	$ 675,700	(1,155,106)	8,040,345	7,560,939	7,538,258

See accompanying notes to financial statements.

34TH STREET PARTNERSHIP, INC.

Statement of Functional Expenses

Year ended June 30, 2023
(with summarized financial information for the year ended June 30, 2022)

	Program services													Supporting services		
	Capital projects	**Security**	**Sanitation**	**Visitor services**	**Taxi stands**	**Special maintenance**	**Public events**	**Retail services**	**Promotion**	**Design**	**Horticulture**	**Parks management**	**Total**	**Management and general**	**2023 total**	**2022 total**
Salaries and wages	$ 385,197	1,507,701	2,647,946	249,670	272,527	386,532	233,340	185,924	131,857	—	87,369	236,590	6,324,653	885,661	7,210,314	6,890,561
Payroll taxes and payroll-related expenses	47,342	191,418	387,935	28,348	32,134	55,039	23,437	21,131	16,621	—	10,542	28,392	842,339	83,084	925,423	896,087
Health insurance	45,792	316,649	426,178	52,248	80,730	49,106	16,421	7,935	19,739	—	12,247	30,764	1,057,809	46,895	1,104,704	1,045,386
Total salaries and benefits	478,331	2,015,768	3,462,059	330,266	385,391	490,677	273,198	214,990	168,217	—	110,158	295,746	8,224,801	1,015,640	9,240,441	8,832,034
Contracted services	12,775	223,214	82,172	5,369	10,955	87	146,110	33,930	97,280	—	792,745	38,014	1,442,651	75,741	1,518,392	1,500,854
Accounting and legal	—	19,640	4,693	—	—	16,060	—	—	—	—	—	—	40,393	61,627	102,020	96,411
Liability and related insurance	40,931	156,227	274,379	25,863	28,225	40,052	24,018	19,265	18,291	—	17,198	24,478	668,927	105,325	774,252	626,893
Rent and related	89,687	94,407	140,678	30,753	12,705	11,310	51,582	34,534	32,915	—	13,447	76,226	588,244	104,474	692,718	697,688
Supplies	54,249	32,894	151,317	1,223	6,077	19,853	1,629	30	—	—	2,254	19,327	288,853	10,042	298,895	285,566
Travel and entertainment	375	632	—	184	125	60	3,341	161	675	—	—	1,100	6,653	12,520	19,173	10,076
Communications	6,459	11,418	9,772	2,503	549	483	1,456	739	1,391	—	846	1,195	36,811	3,223	40,034	50,080
Maintenance, repair, and cleaning	449,934	7,879	9,532	4,397	736	1,186	2,826	102	680	—	659	7,005	484,936	4,105	489,041	235,522
Dues and subscriptions	3,055	1,315	—	3,621	—	489	2,731	587	1,903	—	49	1,078	14,828	34,041	48,869	62,775
Equipment	1,673	7,313	685	308	11	—	2,161	359	1,389	—	182	12,946	27,027	4,671	31,698	34,347
Interest	37,024	—	—	—	—	—	—	—	—	—	—	—	37,024	—	37,024	59,019
Depreciation and amortization	1,120,411	24,860	22,198	—	—	—	—	—	—	—	—	41,928	1,209,397	892	1,210,289	1,195,751
Miscellaneous	1,041	6,121	328	131	103	34	189	27	11	—	—	8,347	16,332	7,836	24,168	16,447
Total – 2023	$ 2,295,945	2,601,688	4,157,813	404,618	444,877	580,291	509,241	304,724	322,752	—	937,538	527,390	13,086,877	1,440,137	14,527,014	
Total – 2022	$ 2,226,441	2,334,310	4,080,149	361,087	402,216	602,714	429,794	302,449	323,305	18,423	899,719	406,896	12,387,503	1,315,960		$ 13,703,463

See accompanying notes to financial statements.

34TH STREET PARTNERSHIP, INC.

Statement of Cash Flows

Year ended June 30, 2023
(with comparative financial information for the year ended June 30, 2022)

		2023	2022
Cash flows from operating activities:			
Increase in net assets	$	22,681	1,886,288
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation and amortization		1,210,289	1,195,751
Gain on forgiveness of debt		—	(1,446,513)
Net impact on operating leases		1,751	(93,416)
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(130,750)	68,709
Due from related parties		—	457,930
Accounts payable and accrued expenses		(109,550)	(385,848)
Due to related parties		347,738	354,180
Accrued bond interest		(9,830)	23,427
Accrued interest on Payroll Protection Program SBA Loan		—	1,361
Net cash provided by operating activities		1,332,329	2,061,869
Cash flows from investing activity:			
Acquisition of property and equipment		(162,327)	(280,680)
Acquisition of district improvements		(75,007)	(76,389)
Net cash used in investing activity		(237,334)	(357,069)
Cash flows from financing activities:			
Additions to funds held by bond trustee		(13,022,367)	(13,000,353)
Withdrawals from funds held by bond trustee		13,022,367	13,000,353
Repayment of Series 2021A bond principal		(20,000)	(30,000)
Repayment of Series 2021B bond principal		(1,765,000)	(1,890,000)
Net cash used in financing activities		(1,785,000)	(1,920,000)
Decrease in cash, cash equivalents and restricted cash		(690,005)	(215,200)
Cash, cash equivalents and restricted cash at beginning of year		1,919,301	2,134,501
Cash, cash equivalents and restricted cash at end of year	$	1,229,296	1,919,301
Reconciliation of cash, cash equivalents and restricted cash within the balance sheets that sum to the total of the same such amounts shown above:			
Cash and cash equivalents	$	1,138,675	999,486
Cash included in funds held by bond trustee		90,621	919,815
	$	1,229,296	1,919,301
Supplemental cash flow disclosure:			
Interest paid during the year	$	46,854	34,231
Deferred rent liability included in operating lease right-of-use assets		(177,488)	(217,058)
Non-cash financing activity – PPP SBA loan forgiveness		—	1,446,513

See accompanying notes to financial statements.

(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 $13,000,000 were transferred to the Partnership to be used in operations for each of the years ended June 30, 2023 and 2022.

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 (the 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 2023 or 2022.

(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 either with or without donor restrictions. Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. The Partnership has received no restricted contributions, therefore, has no net assets with donor restrictions as of and for the years ended June 30, 2023 and 2022.

Revenues are reported as an increase in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets, if any (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

(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.

(Continued)

Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. The Partnership had uninsured cash balances of $343,749 at June 30, 2022. The Securities Investor Protection Corporation (SIPC) insures money market funds, held by member firms, up to $500,000 per investor. The Partnership had uninsured money market funds of $759,845 at June 30, 2023.

(d) Funds Held by Bond Trustees

The Partnership invests surplus cash balances in government obligations with original maturities of greater than three months.

(e) Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promise to give (pledge) in which there is no right of return of assets contributed and an indication of any donor-imposed barriers or performance obligations as a condition of the contribution based upon the donor agreement. Contributions received are recorded as increases in net assets with our without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

(f) Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized by program and supporting services benefited in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Supporting services include the salaries of the Partnership's president, the administrative office clerical staff, and the finance and accounting staff which includes information technology, payroll and human resource functions. Costs allocated amongst programs and supporting services include; general liability insurance which is allocated based on payroll, as well as, rent, office supplies, equipment and telephone which are allocated based on square footage occupied by each program's or supporting service's employees. 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. 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, the present value of operating lease liabilities and amortization of district improvements.

(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 follows:

- Level 1: Inputs that reflect unadjusted quoted or published 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 or published prices that are observable for the asset or liability either directly or indirectly.
- Level 3: Inputs that are unobservable.

(i) Right-of-use assets and operating lease liabilities

A lessee is permitted to recognize a right-of-use asset and a lease liability, which was initially measured at the present value of the lease payments on the balance sheet and can disclose key information about leasing arrangements. The Partnership elected to use the transition package of practical expedients and short-term lease exemption. The Partnership elected to use a risk-free rate, the interest rate for treasury bills of a duration similar to the lease term, as the discount rate.

(j) Revenue Recognition

Assessments and contributions in lieu of assessment payments are received in semi-annual installments and are recognized as revenue ratably throughout the year. Parks revenue includes food concession license fees, which are received and recognized as revenue on a monthly basis, and fees for use of the parks and plazas for events and activations. Use fees are recognized as revenue on the date of the related event or activation. Other program service revenue consists of royalties for the use of Partnership assets and reimbursements received for additional services, and such revenues are recognized on the dates of use of assets or on the dates that services are provided.

(k) Comparative Financial Information

The accompanying financial statements include certain 2022 summarized information. With respect to the accompanying statement of activities, information in 2022 is presented in the aggregate. With respect to the statement of functional expenses, information in 2022 is presented in the aggregate and not detailed by function. Accordingly, such information should be read in conjunction with the Partnership’s fiscal 2022 financial statements from which the summarized information was derived.

(Continued)

(3) Availability and Liquidity

At June 30, 2023 and 2022, the Partnership's financial assets consisted of the following:

		2023	2022
Cash and cash equivalents	$	1,138,675	999,486
Accounts receivable		491,156	360,406
Funds held by bond trustee		90,621	919,815
Total financial assets		1,720,452	2,279,707
Less amounts not available to be used within one year:			
Bond debt service funds		90,621	919,815
Financial assets available to meet general expenditures over the next twelve months	$	1,629,831	1,359,892

General expenditures include operating expenses and capital improvement costs, if any.

The Partnership receives district assessments, from the City, in semi-annual installments, in July and January. Each of the semi-annual assessment payments are first used to fund one-half of the current year debt service, as disclosed in note 7, with the remaining funds available, and sufficient to meet general expenditures for six months. Excess cash is invested in short term investments, including government obligations, money market accounts and certificates of deposit.

(4) 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, 2023 and 2022, property and equipment consisted of following:

		2023	2022
Furniture and fixtures	$	474,821	364,763
Machinery and equipment		177,905	125,636
Leasehold improvements		419,762	419,762
		1,072,488	910,161
Accumulated depreciation and amortization		(642,952)	(553,074)
Property and equipment, net	$	429,536	357,087

The Partnership wrote-off $138,620 of obsolete furniture, equipment and improvements during the year ended June 30, 2022.

(5) District Improvements

The Partnership provides program services and capital improvements to the District. As discussed in note 7, the Partnership had issued bonds to finance certain capital improvement projects, including, but not limited to, the installation of distinctive sidewalk corners, streetlights, 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.

At June 30, 2023 and 2022, district improvements consisted of the following:

		2023	2022
Streetlight poles and luminaires	$	7,246,834	7,246,834
Park improvements		5,026,374	4,970,773
Distinctive sidewalk corners		4,627,991	4,627,991
Tree-pits, trees and street planters		4,552,904	4,552,904
Planning, design and architecture		2,474,902	2,474,902
Traffic control signs, frames and poles		1,975,891	1,975,891
Other street fixtures		4,251,521	4,232,115
		30,156,417	30,081,410
Accumulated amortization		(22,116,072)	(21,014,314)
District improvements, net	$	8,040,345	9,067,096

(6) Payroll Protection Program SBA Loan

The Coronavirus Aid, Relief and Economic Security Act (the CARES Act) provided for forgivable, low interest loans to be made, through the Small Business Administration, to small businesses facing uncertainty during the COVID-19 crisis. These Payroll Protection Program loans were approved to enable small businesses to retain workers, maintain payroll and pay certain other operating expenses. Forgiveness of the loans was subject to application by the borrower and proof of the use of loan funds as required by the CARES Act, as amended by the Payroll Protection Program Flexibility Act of 2020. The Partnership applied for, and received, a $1,428,777 Payroll Protection Program loan through J.P. Morgan Chase Bank, N.A., as evidenced by a note dated May 4, 2020. The Partnership applied for, and on August 4, 2021 was granted, forgiveness of the loan plus accrued interest of $17,736. Accrued interest expense of $1,361 has been included in management and general expenses, in the statement of activities, for the year ended June 30, 2022.

(7) Bonds Payable

On June 30, 2021, the Partnership issued $1,345,000 in Capital Improvement Refunding Bonds, Series 2021A and $3,655,000 in Capital Improvement Taxable Refunding Bonds, Series 2021B (together, the Series 2021 Bonds). The proceeds of the Series 2021 Bonds were used to establish a refunding escrow fund, sufficient to pay principal and interest on the Partnership's outstanding Series 2011 Capital Improvement Bonds (Series 2011 Bonds) maturing on January 1, 2022, and January 1, 2023 through their maturity dates, and the remaining bonds to mature on January 1, 2031 through their redemption date, August 11, 2021. In connection with the issuance of the Series 2021 Bonds, the Partnership incurred bond issuance costs of $177,200 which have been deferred and are being amortized over the life of the related debt. Unamortized issuance costs of $139,894 and $158,547 are included in bonds payable at June 30, 2023 and 2022, respectively.

Amortization of Series 2021 Bonds issuance costs amounted to $18,653 for each of the years ended June 30, 2023 and 2022, respectively.

The Series 2021 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 Dreyfus Treasury Security Cash Management Funds, which are cash equivalents. The inputs to the fair value measurement are considered Level 1 in the fair value hierarchy.

At June 30, 2023 and 2022, the balances in the funds held by bond trustee were as follows:

		2023	2022
Series 2021A principal debt service fund	$	76,158	10,004
Series 2021A interest debt service fund		14,336	17,371
Series 2021B principal debt service fund		—	882,817
Series 2021B interest debt service fund		—	9,623
Series 2021 revenue fund		127	—
	$	90,621	919,815

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

		Principal	Interest	Total debt service
Year ending June 30:				
2024	$	150,000	27,194	177,194
2025		155,000	24,045	179,045
2026		155,000	20,790	175,790
2027		160,000	17,535	177,535
2028		165,000	14,175	179,175
Thereafter		510,000	21,525	531,525
	$	1,295,000	125,264	1,420,264

Interest on the Series 2021A Capital Improvement Refunding Bonds is 1.09% per annum, and interest on the Series 2021B Capital Improvement Taxable Refunding Bonds is 2.10% per annum. Interest expense on the Series 2021A and 2021B bonds was $27,405 and $9,619 for the year ended June 30, 2023 and $28,008 and $29,650 for the year ended June 30, 2022.

The Partnership is required to meet certain financial covenants in connection with the respective outstanding bonds. For the years ended June 30, 2023 and 2022, the Partnership was in compliance with these covenants.

(8) Pension Benefits

The Partnership has a defined contribution retirement plan covering all personnel. Pension cost for the years ended June 30, 2023 and 2022 was $164,124 and $153,516, respectively.

(9) 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 amortization of the right-of-use asset associated with this lease for the years ended June 30, 2023 and 2022. The Partnership's share of right-of use amortization and rent expense amounted to $396,841 and $386,907 for the years ended June 30, 2023 and 2022, respectively.

On February 26, 2021 the Partnership signed a ten year lease agreement for a storefront, mezzanine and basement space at 253-59 West 35th Street, New York, New York to be used for offices and locker rooms for the sanitation and security staffs. The commencement date of this lease was July 9, 2021. The new space replaced the Partnership's operations office at 212 West 35th Street, New York, New York, the lease for which commenced on February 1, 1997, expired on August 31, 2020 and was extended by a Third Amendment of the lease, dated September 18, 2020. The Third Amendment extended the lease term, for a monthly fixed rent, through December 31, 2020. The Partnership continued to occupy the space under the same terms, until the new space was prepared for its intended use.

Amortization of the right-of-use asset and rent expense for the lease at 253-59 West 35th Street amounted to $193,060, net of reimbursements from BPC for space used by its security staff, of $40,471 and $174,633, net of BPC reimbursements of $36,608 for the years ended June 30, 2023 and 2022, respectively. Rent expense for the space at 212 West 35th Street was $51,676, net of reimbursements from BPC, of $9,105 for the year ended June 30, 2022.

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

		253-59 West 35th Street	5 Bryant Park	Total
Year ending June 30:				
2024	$	187,731	371,633	559,364
2025		191,720	405,418	597,138
2026		195,794	405,418	601,212
2027		229,955	405,418	635,373
2028		234,842	270,279	505,121
Thereafter		734,893	—	734,893
Total		1,774,935	1,858,166	3,633,101
Less:				
Interest		100,170	22,361	122,531
Lease liabilities	$	1,674,765	1,835,805	3,510,570

As of June 30, 2023, the Partnership is jointly liable for total lease commitments of $4,968,356 at 5 Bryant Park.

The weighted average remaining lease term and the weighted average discount rate for operating leases are 6.33 years and 0.945% and 7.33 years and 0.0945% at June 30, 2023 and 2022, respectively.

The Partnership receives monthly license fees from the operators of the food concession kiosks in Herald and Greeley Square Parks (see note 10) and from an advertiser, for exclusive use of the advertising panels on the Greeley Square concession and restroom kiosks. Each of the three license agreements expired on August 31, 2021. New agreements for the food concession kiosks and advertising panels commenced on September 1, 2021. The Partnership has agreed to terminate one of the food concession license agreements effective October 13, 2023. A new license agreement with a new operator is being negotiated.

The future minimum license fees under the agreements are as follows:

Year ending June 30:		
2024	$	224,324
2025		235,576
2026		242,264
2027		112,094
2028		87,976
Thereafter		105,790
	$	1,008,024

License fees of $330,644 and $306,974 are included in parks revenue on the statement of activities for the years ended June 30, 2023 and 2022, respectively.

(10) Parks and Plazas

Pursuant to a license agreement, dated June 9, 1997, and its successor agreement, dated October 12, 2017, with the New York City Department of Parks and Recreation, the Partnership has 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 $5,026,374 which are included in District Improvements.

The Partnership has also managed, pursuant to a license agreement with the New York City Department of Transportation (DOT), dated May 7, 2012, pedestrian plazas at Broadway and Sixth Avenue between 32nd and 36th Streets, known as Herald Square Plaza (the Plazas). The Partnership continued to manage the Plazas under the terms of the license agreement after its expiration May 7, 2017. A new, one-year license agreement, dated June 11, 2019 and effective September 20, 2019, was granted to the Partnership. The 2019 agreement allows for up to three additional five-year renewal options, exercisable at the sole discretion of DOT. By a letter, dated August 27, 2020 and agreed to by the Partnership on September 21, 2020, DOT opted to renew the agreement for the first renewal period, expiring on September 19, 2025.

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, Public Events, Horticulture and Parks Management.

(11) 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.

(12) 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, 2023 the Partnership was indebted to BPC and BPMC for its net proportionate share of certain revenues and expenses in the amount of $701,918 and $354,180 at June 30, 2023 and 2022, respectively.

The Partnership's secretary, who is also a member of the board of directors, is a principal of the landlord for the Partnership's lease at 212 West 35th Street, as described in Note 9. The Partnership paid a market rate rent for the space, and the relationship has been disclosed annually in the board member's conflict of interest disclosure.

(13) Subsequent Events

In connection with the preparation of the financial statements, the Partnership evaluated subsequent events after the balance sheet date of June 30, 2023 through October 20, 2023, which was the date the financial statements were issued.

Schedule 1

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, 2023

		Parks	Broadway Plazas
Revenue:			
Events, activations and photo shoots	$	111,500	292,855
Concessions		330,644	—
Total revenue		442,144	292,855
Expenses:			
Salaries and wages		571,007	424,559
Payroll taxes and payroll-related expenses		75,103	50,832
Health insurance		86,402	59,049
Total salaries and benefits		732,512	534,440
Contracted services		31,771	137,570
Plants, plant installation and maintenance		46,311	187,352
Accounting and legal		2,330	1,554
Liability and related insurance		58,457	46,068
Rent		53,428	77,339
Utilities		32,114	—
Supplies		25,754	16,677
Communications		3,140	2,649
Maintenance and repair		51,747	14,926
Dues and subscriptions		3,996	2,016
Furniture and equipment		5,732	10,178
Depreciation and amortization		210,097	—
Miscellaneous		5,299	26,223
Total expenses		1,262,688	1,056,992
Decrease in net assets from Parks and Broadway Plazas operations	$	(820,544)	(764,137)

See accompanying independent auditors' report.