



**34<sup>TH</sup> STREET PARTNERSHIP, INC.**

Financial Statements and Supplemental Schedule

June 30, 2024

(With Summarized Comparative Information as of June 30, 2023)

(With Independent Auditors' Report Thereon)

## 34<sup>TH</sup> STREET PARTNERSHIP, INC.

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KPMG LLP  
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## 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, 2024, 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, 2024, 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 the Partnership's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*KPMG LLP*

New York, New York  
October 28, 2024

**34TH STREET PARTNERSHIP, INC.**

Balance Sheet

June 30, 2024

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

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 813,955	1,138,675
Accounts receivable, net and other assets	631,719	491,156
Funds held by bond trustee (note 6)	97,578	90,621
Property and equipment, net (note 4)	558,468	429,536
Operating lease right-of-use assets (notes 2(i) and 8)	2,705,714	3,248,396
District improvements, net (notes 5 and 9)	7,177,129	8,040,345
Total assets	<u>\$ 11,984,563</u>	<u>13,438,729</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 734,531	496,599
Due to related party (note 11)	408,248	701,918
Accrued bond interest (note 6)	12,022	13,597
Operating lease liabilities (notes 2(i) and 8)	2,957,162	3,510,570
Bonds payable (note 6)	1,023,759	1,155,106
Total liabilities	5,135,722	5,877,790
Commitments and contingencies (notes 8 and 10)		
Net assets – without donor restrictions	<u>6,848,841</u>	<u>7,560,939</u>
Total liabilities and net assets	<u>\$ 11,984,563</u>	<u>13,438,729</u>

See accompanying notes to financial statements.

**34TH STREET PARTNERSHIP, INC.**

Statement of Activities

Year ended June 30, 2024

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

	<u>Operating and board- designated</u>	<u>Bond- financed activity</u>	<u>District improvements</u>	<u>2024 total</u>	<u>2023 total</u>
Revenue and other support:					
Assessments (notes 1 and 6)	\$ 13,000,000	—	—	13,000,000	13,000,000
Contributions in lieu of assessment	234,770	—	—	234,770	234,898
Contributions	127,255	—	—	127,255	—
Parks revenue (note 9)	680,624	—	—	680,624	734,999
Other program service revenue	484,940	—	—	484,940	464,891
Interest	169,460	—	—	169,460	113,475
Other revenue	—	—	—	—	1,432
<b>Total revenue and other support</b>	<u>14,697,049</u>	<u>—</u>	<u>—</u>	<u>14,697,049</u>	<u>14,549,695</u>
Expenses:					
Program services:					
Capital projects	1,322,857	18,653	1,101,339	2,442,849	2,295,945
Security	2,751,986	—	—	2,751,986	2,601,688
Sanitation	4,293,428	—	—	4,293,428	4,157,813
Visitor services	491,968	—	—	491,968	404,618
Taxi stands	584,405	—	—	584,405	444,877
Special maintenance	404,315	—	—	404,315	580,291
Public events	524,463	—	—	524,463	509,241
Retail services	312,584	—	—	312,584	304,724
Promotion	364,052	—	—	364,052	322,752
Horticulture	1,035,591	—	—	1,035,591	937,538
Parks management	642,005	—	—	642,005	527,390
<b>Total program services</b>	<u>12,727,654</u>	<u>18,653</u>	<u>1,101,339</u>	<u>13,847,646</u>	<u>13,086,877</u>
Supporting services:					
Management and general	1,561,501	—	—	1,561,501	1,440,137
<b>Total expenses</b>	<u>14,289,155</u>	<u>18,653</u>	<u>1,101,339</u>	<u>15,409,147</u>	<u>14,527,014</u>
Increase (decrease) in net assets before transfers	407,894	(18,653)	(1,101,339)	(712,098)	22,681
Transfer – bond principal retired	(150,000)	150,000	—	—	—
Transfer – district improvements acquired	(238,123)	—	238,123	—	—
Increase (decrease) in net assets	19,771	131,347	(863,216)	(712,098)	22,681
Net assets (deficit) at beginning of year	675,700	(1,155,106)	8,040,345	7,560,939	7,538,258
Net assets (deficit) at end of year	<u>\$ 695,471</u>	<u>(1,023,759)</u>	<u>7,177,129</u>	<u>6,848,841</u>	<u>7,560,939</u>

See accompanying notes to financial statements.

34TH STREET PARTNERSHIP, INC.

Statement of Functional Expenses

Year ended June 30, 2024

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

	Program services											Supporting services	2024 total	2023 total	
	Capital projects	Security	Sanitation	Visitor services	Taxi stands	Special maintenance	Public events	Retail services	Promotion	Horticulture	Parks management	Total			Management and general
Salaries and wages	\$ 419,893	1,570,497	2,631,805	263,777	342,770	266,899	248,196	188,834	147,991	90,933	260,577	6,452,172	931,194	7,383,366	7,210,314
Payroll taxes and payroll-related expenses	58,517	230,091	435,296	38,553	47,514	45,347	31,339	25,265	21,491	12,536	37,998	983,947	104,049	1,087,996	925,423
Health insurance	43,549	326,084	489,436	80,314	108,470	43,523	22,790	6,909	26,970	20,106	32,238	1,200,389	65,148	1,265,537	1,104,704
Total salaries and benefits	521,959	2,126,672	3,556,537	402,644	498,754	355,769	302,325	221,008	196,452	123,575	330,813	8,636,508	1,100,391	9,736,899	9,240,441
Contracted services	165,654	248,965	103,975	2,781	15,739	2,915	119,405	29,444	94,107	881,301	53,561	1,717,847	82,203	1,800,050	1,518,392
Accounting and legal	—	—	35,323	—	—	—	—	8,580	—	—	—	43,903	54,460	98,363	102,020
Liability and related insurance	48,900	179,090	300,115	32,360	39,088	30,436	28,303	21,533	16,876	10,370	29,715	736,786	119,676	856,462	774,252
Rent and related	—	97,625	135,892	27,484	12,230	10,770	60,614	28,532	38,644	16,363	79,798	507,952	118,446	626,398	692,718
Supplies	128,008	30,167	125,031	2,239	11,393	3,587	1,053	130	451	776	28,540	331,375	11,645	343,020	298,895
Travel and entertainment	588	797	71	586	6	6	1,880	66	252	—	47	4,299	9,187	13,486	19,173
Communications	6,373	9,966	10,367	2,603	593	522	1,735	632	1,361	1,128	5,223	40,503	3,595	44,098	40,034
Maintenance, repair, and cleaning	386,581	4,634	3,910	4,031	352	310	—	—	—	—	8,546	408,364	5,552	413,916	489,041
Dues and subscriptions	11,654	2,056	—	8,589	—	—	3,299	1,459	4,938	795	4,685	37,475	45,191	82,666	48,869
Equipment	26,695	3,360	—	8,651	6,250	—	3,558	1,200	3,666	1,283	27,282	81,945	3,939	85,884	31,698
Interest	25,620	—	—	—	—	—	—	—	—	—	—	25,620	—	25,620	37,024
Depreciation and amortization	1,119,992	47,900	22,198	—	—	—	—	—	—	—	71,961	1,262,051	892	1,262,943	1,210,289
Miscellaneous	825	754	9	—	—	—	2,291	—	7,305	—	1,834	13,018	6,324	19,342	24,168
Total – 2024	\$ 2,442,849	2,751,986	4,293,428	491,968	584,405	404,315	524,463	312,584	364,052	1,035,591	642,005	13,847,646	1,561,501	15,409,147	
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	\$

See accompanying notes to financial statements.

**34TH STREET PARTNERSHIP, INC.**

Statement of Cash Flows

Year ended June 30, 2024

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

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (712,098)	22,681
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,262,943	1,210,289
Net impact on operating leases	(10,726)	1,751
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(140,563)	(130,750)
Accounts payable and accrued expenses	237,932	(109,550)
Due to related parties	(293,670)	347,738
Accrued bond interest	(1,575)	(9,830)
Net cash provided by operating activities	<u>342,243</u>	<u>1,332,329</u>
Cash flows from investing activity:		
Acquisition of property and equipment	(271,883)	(162,327)
Acquisition of district improvements	(238,123)	(75,007)
Net cash used in investing activity	<u>(510,006)</u>	<u>(237,334)</u>
Cash flows from financing activities:		
Additions to funds held by bond trustee	(13,006,032)	(13,022,367)
Withdrawals from funds held by bond trustee	13,006,032	13,022,367
Repayment of Series 2021A bond principal	(150,000)	(20,000)
Repayment of Series 2021B bond principal	—	(1,765,000)
Net cash used in financing activities	<u>(150,000)</u>	<u>(1,785,000)</u>
Decrease in cash, cash equivalents and restricted cash	(317,763)	(690,005)
Cash, cash equivalents and restricted cash at beginning of year	<u>1,229,296</u>	<u>1,919,301</u>
Cash, cash equivalents and restricted cash at end of year	\$ <u>911,533</u>	\$ <u>1,229,296</u>
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	\$ 813,955	1,138,675
Cash included in funds held by bond trustee	97,578	90,621
	\$ <u>911,533</u>	\$ <u>1,229,296</u>
Supplemental cash flow disclosure:		
Interest paid during the year	\$ 27,195	46,854
Deferred rent liability included in operating lease right-of-use assets	(133,063)	(177,488)

See accompanying notes to financial statements.



## 34<sup>TH</sup> STREET PARTNERSHIP, INC.

Notes to Financial Statements

June 30, 2024

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

### (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, 2024 and 2023.

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 year 2024 or 2023.

### (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 received no restricted contributions; therefore, it has no net assets with donor restrictions as of and for the years ended June 30, 2024 and 2023.

Revenues are reported as increases 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 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.

## 34<sup>TH</sup> STREET PARTNERSHIP, INC.

### Notes to Financial Statements

June 30, 2024

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

Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. 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 \$196,490 and \$759,845 at June 30, 2024 and 2023, respectively.

#### **(d) 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 or without donor restrictions, depending on the existence and/or absence of any donor-imposed restrictions.

#### **(e) 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, and, 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.

#### **(f) 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 certain expenses (note 2(e)), 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.

#### **(g) 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.

## 34<sup>TH</sup> STREET PARTNERSHIP, INC.

### Notes to Financial Statements

June 30, 2024

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

- Level 3: Inputs that are unobservable.

#### **(h) Right-of-use assets and operating lease liabilities**

Operating lease right-of-use assets represent the Partnership's right to use the underlying assets and operating lease liabilities represent its obligation to make lease payments for the use of the leased assets. Operating lease right-of-use assets and related lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term discounted using an appropriate discount rate.

The Partnership has elected the short-term lease exemption for leases with a term of twelve months or less. The discount rate is based on the rate implicit in the lease or is based on the incremental borrowing rate risk free rate, the interest rate for treasury bills of a duration similar to the lease term.

#### **(i) 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.

#### **(j) New Accounting Standards**

Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Loss: Measurement of Credit Losses on Financial Instruments, as amended, was issued by the Financial Accounting Standards Board (FASB) in June 2016 and is effective for the Partnership in fiscal year 2024. The ASU requires credit losses to be recognized on most financial assets carried at amortized cost (such as accounts receivable and certain other instruments). Under the ASU, credit losses are estimated over the entire contractual term of the instrument (adjusted for prepayment) from the date of initial recognition. The new ASU removes the requirement that a credit loss be probable of occurring for it to be recognized and requires entities to use historical experience, current economic conditions, and reasonable and supportable forecasts to estimate their future expected credit losses. The ASU is to be applied using the modified retrospective basis with a cumulative effect adjustment to net assets at the beginning of the fiscal year that it is adopted. The Partnership's adoption of this ASU did not have a material impact on its fiscal year 2024 financial statements.

#### **(k) Comparative Financial Information**

The accompanying financial statements include certain 2023 summarized information. With respect to the accompanying statement of activities, information in 2023 is presented in the aggregate. With respect to the statement of functional expenses, information in 2023 is presented in the aggregate and not detailed by function. Accordingly, such information should be read in conjunction with the Partnership's fiscal year 2023 financial statements from which the summarized information was derived.

### 34<sup>TH</sup> STREET PARTNERSHIP, INC.

#### Notes to Financial Statements

June 30, 2024

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

### (3) Availability and Liquidity

At June 30, 2024 and 2023, the Partnership's financial assets consisted of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 813,955	1,138,675
Accounts receivable	213,026	94,605
Funds held by bond trustee	<u>97,578</u>	<u>90,621</u>
Total financial assets	1,124,559	1,323,901
Less amounts not available to be used within one year:		
Bond debt service funds	<u>97,578</u>	<u>90,621</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,026,981</u>	<u>1,233,280</u>

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, 2024 and 2023, property and equipment consisted of following:

	<u>2024</u>	<u>2023</u>
Furniture and fixtures	\$ 636,024	474,821
Machinery and equipment	266,968	177,905
Leasehold improvements	<u>419,762</u>	<u>419,762</u>
	1,322,754	1,072,488
Accumulated depreciation and amortization	<u>(764,286)</u>	<u>(642,952)</u>
Property and equipment, net	<u>\$ 558,468</u>	<u>429,536</u>

## 34<sup>TH</sup> STREET PARTNERSHIP, INC.

### Notes to Financial Statements

June 30, 2024

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

The Partnership wrote off \$21,617 of obsolete furniture, equipment and improvements during the year ended June 30, 2024.

#### (5) District Improvements

The Partnership provides program services and capital improvements to the District. As discussed in note 6, the Partnership 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, 2024 and 2023, district improvements consisted of the following:

	<u>2024</u>	<u>2023</u>
Streetlight poles and luminaires	\$ 7,246,834	7,246,834
Park improvements	5,242,054	5,026,374
Distinctive sidewalk corners	4,635,141	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	4,266,814	4,251,521
	<u>30,394,540</u>	<u>30,156,417</u>
Accumulated amortization	<u>(23,217,411)</u>	<u>(22,116,072)</u>
District improvements, net	<u>\$ 7,177,129</u>	<u>8,040,345</u>

#### (6) 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, and the remaining bonds that were 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 \$121,241 and \$139,894 are included in bonds payable at June 30, 2024 and 2023, respectively.

Amortization of Series 2021 Bonds issuance costs amounted to \$18,653 for each of the years ended June 30, 2024 and 2023, respectively.

**34<sup>TH</sup> STREET PARTNERSHIP, INC.**

Notes to Financial Statements

June 30, 2024

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

The Series 2021 Bonds, maturing on various dates through January 1, 2031, are secured by assessments, 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, 2024 and 2023, the balances in the funds held by bond trustee were as follows:

	<u>2024</u>	<u>2023</u>
Series 2021A principal debt service fund	\$ 84,047	76,158
Series 2021A interest debt service fund	13,397	14,336
Series 2021 revenue fund	134	127
	<u>\$ 97,578</u>	<u>90,621</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:			
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
2029	165,000	10,710	175,710
Thereafter	345,000	10,815	355,815
	<u>\$ 1,145,000</u>	<u>98,070</u>	<u>1,243,070</u>

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 was 2.10% per annum. Interest expense on the Series 2021A bonds was \$25,620 and \$27,405 for the years ended June 30, 2024 and 2023, respectively. Interest expense on the Series 2021B bonds was \$9,619 for the year ended June 30, 2023.

The Partnership is required to meet certain financial covenants in connection with the respective outstanding bonds. For the years ended June 30, 2024 and 2023, the Partnership was in compliance with these covenants.

**(7) Pension Benefits**

The Partnership has a defined-contribution retirement plan covering all personnel. Pension cost for the years ended June 30, 2024 and 2023 was \$169,852 and \$164,124, respectively.

**34<sup>TH</sup> STREET PARTNERSHIP, INC.**

Notes to Financial Statements

June 30, 2024

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

**(8) 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 on 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, 2024 and 2023. The Partnership's share of right-of use amortization and rent expense amounted to \$417,565 and \$396,841 for the years ended June 30, 2024 and 2023, 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.

Amortization of the right-of-use asset and rent expense for the lease at 253-59 West 35<sup>th</sup> Street amounted to \$189,453, net of reimbursements from BPC for space used by its security staff, of \$39,715 and \$193,060, net of reimbursements from BPC of \$40,471 for the years ended June 30, 2024 and 2023, respectively.

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

	<u>253-59 West 35th Street</u>	<u>5 Bryant Park</u>	<u>Total</u>
Year ending June 30:			
2025	\$ 191,720	374,018	565,738
2026	195,794	408,019	603,813
2027	229,955	408,019	637,974
2028	234,842	272,013	506,855
2029	239,832	—	239,832
Thereafter	495,061	—	495,061
	<u>1,587,204</u>	<u>1,462,069</u>	<u>3,049,273</u>
Total			
Less:			
Interest	<u>78,263</u>	<u>13,848</u>	<u>92,111</u>
Lease liabilities	<u>\$ 1,508,941</u>	<u>1,448,221</u>	<u>2,957,162</u>

As of June 30, 2024, the Partnership is jointly liable for total lease commitments of \$3,884,351 at 5 Bryant Park.

The weighted average remaining lease term and the weighted average discount rate for operating leases are 5.33 years and 0.945% and 6.33 years and 0.945% at June 30, 2024 and 2023, respectively.

### 34<sup>TH</sup> STREET PARTNERSHIP, INC.

#### Notes to Financial Statements

June 30, 2024

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

The Partnership receives monthly license fees from the operators of the food concession kiosks in Herald and Greeley Square Parks (see note 9) and from an advertiser, for exclusive use of the advertising panels on the Greeley Square concession and restroom kiosks. Agreements for the food concession kiosks and advertising panels commenced on September 1, 2021. The license agreements for one of the food concessions and for the advertising panels terminated on October 13, 2023 and June 30, 2024, respectively. A license agreement with a new food concession operator commenced on January 1, 2024.

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

Year ending June 30:		
2025	\$	113,218
2026		115,152
2027		120,776
2028		123,976
2029		126,614
Thereafter		<u>33,176</u>
	\$	<u><u>632,912</u></u>

License fees of \$301,925 and \$330,644 are included in parks revenue on the statement of activities for the years ended June 30, 2024 and 2023, respectively.

#### (9) 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 \$5,242,054 which are included in District Improvements.

The Partnership has also managed, pursuant to license agreements with the New York City Department of Transportation (DOT), pedestrian plazas within the District. Pedestrian plazas at Broadway and Sixth Avenue between 32nd and 36th Streets, known as Herald Square Plaza (the Broadway Plazas) are managed by the Partnership under the terms of a license agreement, dated June 11, 2019 and effective September 20, 2019. 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. A pedestrian plaza on 33rd Street between Seventh and Eighth Avenues (Plaza 33) is managed by the Partnership under the terms of a one-year license agreement dated June 11, 2019 as amended and restated by an agreement dated October 7, 2024. The commencement date of the Plaza 33 license agreement is May 14, 2024, and it allows up to three additional five-year renewal options exercisable at the sole discretion of DOT.



## **34<sup>TH</sup> STREET PARTNERSHIP, INC.**

### Notes to Financial Statements

June 30, 2024

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

Each of the license agreements to manage and maintain the Parks, Broadway Plazas and Plaza 33 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, Broadway Plazas and Plaza 33. 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.

#### **(10) 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.

#### **(11) 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, 2024 and 2023, the Partnership was indebted to BPC and BPMC for its net proportionate share of certain revenues and expenses in the amount of \$408,248 and \$701,918, respectively.

#### **(12) Subsequent Events**

In connection with the preparation of the financial statements, the Partnership evaluated subsequent events after the balance sheet date of June 30, 2024 through October 28, 2024, which was the date the financial statements were available for issuance. No subsequent events were identified that would require disclosure or recognition in the financial statements.

## 34TH STREET PARTNERSHIP, INC.

Schedule of Revenue and Expenses Incurred in the Management and Operation of Herald and Greeley  
Square Parks, Broadway Plazas and Plaza 33

Year ended June 30, 2024

	<u>Parks</u>	<u>Broadway Plazas</u>	<u>Plaza 33</u>
Revenue:			
Events, activations and photo shoots	\$ 138,000	240,699	—
Contributions	—	—	127,255
Concessions	301,925	—	—
Total revenue	<u>439,925</u>	<u>240,699</u>	<u>127,255</u>
Expenses:			
Salaries and wages	616,759	422,677	52,146
Payroll taxes and payroll-related expenses	79,792	50,970	5,789
Health insurance	98,343	63,630	4,772
Total salaries and benefits	794,894	537,277	62,707
Contracted services	76,012	111,016	17,739
Plants, plant installation and maintenance	131,671	204,960	—
Accounting and legal	2,946	724	106
Liability and related insurance	68,062	48,050	3,923
Rent	73,160	66,310	8,381
Utilities	27,983	—	—
Supplies	26,684	18,261	3,755
Communications	3,587	6,344	202
Maintenance and repair	64,347	18,614	275
Dues and subscriptions	9,898	3,572	2,515
Furniture and equipment	14,367	14,661	8,867
Depreciation and amortization	230,542	35,753	14,294
Miscellaneous	2,915	2,694	304
Total expenses	<u>1,527,068</u>	<u>1,068,236</u>	<u>123,068</u>
Decrease in net assets from Parks and Broadway Plazas operations	<u>\$ (1,087,143)</u>	<u>(827,537)</u>	<u>4,187</u>

See accompanying independent auditors' report.