

Theater Subdistrict Council Local Development Corporation

Independent Auditor's Report

As of and For the Year Ended May 31, 2022

Theater Subdistrict Council Local Development Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Members and Officers of the Theater Subdistrict Council Local Development Corporation (LDC) Board of Directors

New York, New York

I have audited the accompanying basic financial statements of the governmental activities of Theater Subdistrict Council Local Development Corporation ("TSCLDC" or "Council"), as of and for the year ended May 31, 2022 and the related notes to the basic financial statements, which collectively comprise the TSCLDC basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 auditor's 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of TSCLDC as of May 31, 2022 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express any opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 15, 2022 on my consideration of TSCLDC internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering TSCLDC's internal control over financial reporting and compliance.

Long Island Financial Management Services

October 15, 2022
Wantagh, New York

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

Management's Discussion and Analysis

For the Year Ended May 31, 2022

Overview

The following Management Discussion and Analysis (MD&A) provides a comprehensive overview of the Theater Subdistrict Council Local Development Corporation's (TSC) financial position as of May 31, 2022, and the result of its operations for the year then ended. Management has prepared the financial statements along with this MD&A. This discussion and analysis are designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. The MD&A should be read in conjunction with the audited financial statements of the TSC, which directly follow the MD&A.

Additional information about the Theater Subdistrict Council Local Development Corporation can be found at <https://www1.nyc.gov/site/planning/zoning/districts-tools/theater-subdistrict-council-ldc.page>

Budget

The TSC depends on fees paid by land use applicants filing applications with the New York City Department of City Planning for the majority of the funding used to advance the TSC's program. The TSC does not rely on other grants, loans or investments, outside of bank interest, for revenue. Because application filings are irregular and dependent on private actors, the TSC cannot make detailed projections of future grant rounds because funding is not assured.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2022

- Assets of the TSC exceeded liabilities at the close of the fiscal year, ended May 31st, 2022, by approximately \$206k, compared to approximately \$216k in FY2021. This is largely the result of no new grant making in FY2022, minimal operating expenses, and spending on the TSC's required annual audit and tax preparation. A mandated reserve of \$75K has been permanently restricted and maintained across FY2021-22.
- No new grants were awarded or paid out of the TSC's funds in FY2022. Due to the limited balance in the fund and uncertainty of future contributions, the board decided to defer grant making until new funds are received.
- Total revenues for FY2022 consisted only of \$33 in bank interest on existing funds. No definitive potential future contributions are in the Department of City Planning's application pipeline, indicating a need to continue to pause grant-making for the foreseeable future.
- Total expenses of \$27,293 consisted of \$9,509 in consultant, tax preparation and audit services in FY2022 as well as \$17,784 in in-kind rent, legal and management fee expenditures.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS FISCAL YEAR 2022

The financial statements of the TSC have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
Management’s Discussion and Analysis, (continued)
For the Year Ended May 31, 2022

The basic financial statements consist of a Statement of Net Position, Statement of Activities, Balance Sheet-Governmental Funds, Statement of Revenues, Expenses and Changes in Fund Balance-Governmental Funds, and the accompanying notes. These statements provide information on the financial position of the TSC and the financial activity and results of its operations during the year. A description of these statements follows:

- The Statement of Net Position presents information on the TSC’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the TSC is improving or deteriorating.
- Statement of Activities presents information showing the change in the TSC’s net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement include all items that will result in cash received or disbursed in future fiscal periods.

FINANCIAL ANALYSIS

Our analysis below focuses on the net position (Figure 1) and activities (Figure 2) of the TSC. The operating income for the TSC was \$17,817 for FY2022. This was a slight increase from the prior year due to an adjustment to the TSC’s in-kind contributions.

A permanently restricted fund of \$75,000 is reserved to continue to support the TSC, as required by the NYC Zoning Resolution.

Figure 1: Condensed Statement of Net Position

Condensed Statement of Net Position	Activities		Total Dollar Change
	2021	2022	2021-2022
Assets			
Cash - Restricted	\$ 225,249	\$ 215,488	
Total Assets	\$ 225,249	\$ 215,488	\$ (9,761)
Liabilities			
Accounts Payable and Accrued Expenses	\$ 9,185	\$ 8,900	
Total Liabilities	\$ 9,185	\$ 8,900	\$ (285)
Net Position	\$ 141,064	\$ 131,588	\$ (9,476)
Permanently Restricted	\$ 75,000	\$ 75,000	
Total Net Position	\$ 216,064	\$ 206,588	\$ (9,476)

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
Management’s Discussion and Analysis, (continued)
For the Year Ended May 31, 2022

The TSC’s prime objective is to promote theater and theater-related uses and to enhance the long-term viability of Broadway by facilitating the production of theater and by developing new audiences. The TSC’s programmatic activities are comprised of grants to arts organizations dedicated to supporting this mission.

Figure 2: Changes in Net Position

Changes in Net Position	Total Dollar Changes		
	2021	2022	2021-2022
Operating Revenues			
In-kind Contributions	\$ 17,248	\$ 17,784	\$ 536
Interest Income	\$ 73	\$ 33	\$ (40)
Total Revenues	\$ 17,321	\$ 17,817	\$ 496
Operating Expenses			\$ -
Program expenses	\$ -	\$ -	\$ -
General and administrative expenses	\$ 27,848	\$ 27,293	\$ (555)
Total Expenses	\$ 27,848	\$ 27,293	\$ (555)
Change in Net Position	\$ (10,527)	\$ (9,476)	\$ 1,051

FACTORS BEARING ON THE TSC’S FUTURE

With no definitive projects in the application process, the TSC must suspend all future grantmaking until the TSC’s balance grows to support an impactful grant. Potential exists for small-scale support of arts organizations, but to-date, this type of grant-making has not been a part of the Board’s strategy. For the fiscal year 2021-22 there were no projects that transferred the development rights of theaters in the Theater Subdistrict (pursuant to the NYC Zoning Resolution).

RISK

Currently, the TSC does not have any contributions and the board is not pursuing any grants, new streams of income, or investments. We have 1.5 million square feet of future potential air rights, at \$17.60 a square foot.

CONTACTING THE TSCLDC’S FINANCIAL MANAGEMENT

This financial report is designed to provide the TSC’s clients, grantees and regulators with a general overview of the TSC’s finances and to demonstrate the TSC’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the New York City Department of City Planning, at 120 Broadway, 31st Floor, New York, NY 10271.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
Statement of Net Position
As of May 31, 2022

Assets	Governmental Activities
Cash (Notes A & B)	\$ 215,488
Total Assets	\$ 215,488
Liabilities and Net Position	
Liabilities	
Accounts payable and accrued expenses (Note C)	\$ 8,900
Total Liabilities	8,900
Net Position	
Restricted (Note A)	206,588
Total Net Position	206,588
Total Liabilities and Net Position	\$ 215,488

See Independent Auditor's Report and Notes to Financial Statements.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
Statement of Activities
For the Year Ended May 31, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Contributions	
Governmental Activities:				
General Activities	\$ (27,293)	\$ -	\$ -	\$ (27,293)
	General Revenues:			
	Interest Income			33
	In-kind Donations			17,784
	Total General Revenues			17,817
	Change in Net Position			(9,476)
	Net Position-Beginning			216,064
	Net Position-Ending			\$ 206,588

See Independent Auditor's Report and Notes to Financial Statements.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
Balance Sheet – Governmental Funds
As of May 31, 2022

Assets	General Fund
Cash (Notes A & B)	\$ 215,488
Total Assets	215,488
Liabilities and Fund Balance	
Liabilities	
Accounts payable and accrued expenses (Note C)	\$ 8,900
Total Liabilities	8,900
Fund Balance	
Restricted (Note A)	206,588
Total Fund Balance	206,588
Total Liabilities and Fund Balance	\$ 215,488

See Independent Auditor's Report and Notes to Financial Statements.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
Statement of Revenues, Expenditures and Changes
In Fund Balance – Governmental Funds
For the Year Ended May 31, 2022

	General Fund
REVENUES:	
Interest	\$ 33
In-kind Donated Management Fees	7,295
In-kind Donated Legal Fees	8,153
In-kind Donated Rent, Utilities and Supplies	2,336
Total Revenues	17,817
 EXPENDITURES:	
Consultant	825
Professional fees	8,615
In-kind Donated Management Fees	7,295
In-kind Donated Legal Fees	8,153
In-kind Donated Rent, Utilities and Supplies	2,336
Fees and permits	69
Total Expenditures	27,293
 Excess (deficiency) of revenues over expenditures	 (9,476)
 Fund Balance - Beginning	 216,064
 Fund Balance - Ending	 \$ 206,588

See Independent Auditor's Report and Notes to Financial Statements.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

REPORTING ENTITY

The TSCLDC, is a not for profit organization formed under New York Not-For-Profit Corporation Law. The Organization was established pursuant to the Theater Subdistrict regulations of a 1998 New York City Zoning Resolution. The Organization was formed for the purpose of promoting theater and theater-related use and preserving and promoting the welfare of the New York City Theater Subdistrict. The Theater Subdistrict is a designated area in New York City that includes several Broadway theaters. The Organization is governed by a Board of Directors, which consist of eight (8) members. The members of the Board of Directors include the Mayor of the City of New York, three (3) persons appointed by the Mayor from the performing arts, theatrical or related industries, the Director of the Department of City Planning of the City of New York, the Speaker of the City Council of the City of New York and his or her designee, and the Manhattan Borough President. The accompanying basic financial statements include only the operations of the TSCLDC, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the TSCLDC.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The basic financial statements of the Theater Subdistrict Council Local Development Corporation (TSCLDC) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the TSCLDC accounting policies are described below.

DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities present financial information about the TSCLDC as a whole. They include all funds of TSCLDC. Governmental activities generally are financed through the contractual share of air right sale fees, in-kind contributions and other non-exchange revenue.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for the TSCLDC governmental funds. As there are no differences between the Organization's government-wide financial statements and its governmental fund financial statements as of and for the year ended May 31, 2022, no reconciliations are provided.

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds. In 2022, TSCLDC had one governmental fund (General). The emphasis of fund financial statements is on major governmental funds. TSCLDC does not have any nonmajor funds. The general fund is the principal operating fund of TSCLDC. It is used to account for all financial resources except those required to be accounted for in another fund. TSCLDC has no proprietary, debt or fiduciary funds.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED MAY 31, 2022

NOTE A: SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Fund Balance Flow Assumptions

At times the TSCLDC may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the TSCLDC's policy to consider restricted fund balance to have been depleted, before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The TSCLDC itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Fund Balance Policies

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the TSCLDC's highest level of decision-making authority. The TSCLDC Board is the highest level of decision-making authority for the TSCLDC that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The TSCLDC has determined that fund balances for the year ending May 31, 2022 are classified as restricted.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions of events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the TSCLDC gives or receives value without directly receiving or giving equal value in exchange includes grants. Revenue from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED MAY 31, 2022

NOTE A: MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, TSCLDC considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, any debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Any general capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Revenues other than those related to grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). All other revenue items are considered to be measurable and available only when cash is received by TSCLDC.

BUDGETARY INFORMATION

BUDGETARY BASIS OF ACCOUNTING

TSCLDC appropriates a total expenditure budget for the general fund based on projected revenues. TSCLDC approves a proposed operating budget for the year commencing the following June 1st, which includes proposed expenditures and the means of financing them. Budget modifications are approved throughout the year by TSCLDC Board of Directors members.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

CASH AND CASH EQUIVALENTS

TSCLDC'S cash consists of demand deposits and short-term investments with original maturities of twelve months or less from date of acquisition, if any.

ACCOUNTS RECEIVABLE

Accounts receivable are carried at their net realizable value. Accounts are written-off as uncollectible after the likelihood of payment is considered remote by management. Generally accepted accounting principles require the establishment of an allowance for doubtful accounts. There was no accounts receivable or allowance, as of the year ended May 31, 2022.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS, continued FOR THE YEAR ENDED MAY 31, 2022

NOTE A: MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

INSURANCE

TSCLDC is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, personal injury liability, and natural disasters. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. TSCLDC does not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. TSCLDC does not have any items that qualified for reporting in this category.

CAPITAL ASSETS

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$1,000. As of May 31, 2022, there have been no purchases of capital assets whose cost exceeds such threshold.

REVENUES

Under Zoning resolution 81-744, Transfer of Development Rights from Listed Theaters, when unused development rights of a Broadway theater are transferred, the parties to the transaction must make a payment that is deposited in the Theater Subdistrict Fund. The amount payable to the Theater Subdistrict Fund is calculated pursuant to Zoning Regulation 81-744 (a)(5). For the year ended May 31, 2022, no revenues were recognized as there were no transfer of development rights during the year.

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED MAY 31, 2022

NOTE A MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (concluded)

DONATED OFFICE SPACE

TSCLDC occupies space in New York, New York, which is provided without charge by New York City. The fair market rental value of the space is \$1,845 per annum. This has been reflected in the accompanying financial statements as an in-kind contribution and rent expense for the year ended May 31, 2022.

DONATED MANAGEMENT AND LEGAL FEES

TSCLDC receives legal, financial and operational support without charge by New York City. The current salary figures for these personnel was used to compute the value of the contribution. This has been reflected in the accompanying financial statements as an in-kind contribution and legal and management fees for the year ended May 31, 2022.

ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following new statements:

- Statement No. 87, Leases, which was effective for the fiscal years beginning after December 15, 2021.
- Statement No. 92, Omnibus 2020, which was effective for reporting periods beginning after June 15, 2021.
- Statement No. 93, Replacement of Interbank Offered Rates, which was effective for reporting periods beginning after June 15, 2021.
- Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which will be effective for reporting periods beginning after June 15, 2022.
- Statement No. 98, The Annual Comprehensive Financial Report, which was effective for reporting periods ending after December 15, 2021.
- Statement No. 96, Subscription-Based Information Technology Arrangements, which will be effective for reporting periods beginning after June 15, 2022.
- Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, which was effective for fiscal years beginning after June 15, 2021.
- Statement No. 98, The Annual Comprehensive Financial Report, which will be effective for fiscal years ending after December 15, 2021.
- Statement No. 99, Omnibus 2022, which will be effective for fiscal years ending after June 15, 2022.
- Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62, which will be effective for fiscal years beginning after June 15, 2023.
- Statement No. 101, Compensated Absences, which will be effective for fiscal years beginning after December 15, 2023.

TSCLDC has determined that the above statements are either not applicable or have no material impact on the financial statements taken as a whole.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS, continued
FOR THE YEAR ENDED MAY 31, 2022

NOTE B – CASH AND CASH EQUIVALENTS

The TSCLDC's investment policies are governed by New York State statutes.

Interest Rate Risk and Credit Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. Credit risk is the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. TSCLDC does not own any investments so it does not have any exposure to credit risk or interest rate risk as of May 31, 2022.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The balance in TSCLDC's account does not exceed the FDIC-insured limit of \$250,000 as of May 31, 2022.

NOTE C – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accrued expenses appearing on the Statement of Net Position as of May 31, 2022 in the amount of \$8,900 are for professional fees. All of these liabilities are for expenses incurred but unpaid at May 31, 2022 in the normal course of operations.

NOTE D – INCOME TAXES

The Organization is exempt from Federal and State income taxes under section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for Federal or State income taxes has been provided for in the accompanying financial statements. As of May 31, 2022, the Organization does not believe it has any uncertain tax positions that would require either recognition or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress.

NOTE E- SUBSEQUENT EVENTS:

As a result of the COVID-19 coronavirus, economic uncertainties have arisen in New York City which are impacting the theater district, which may potentially impact the Organization's future; the financial impact cannot be reasonably estimated. There are currently no planned transfer or development rights. Until additional development rights are identified and obtained, the grant making decisions are limited to current resources.

The Organization ("TSCLDC") evaluated subsequent events after the financial statement date of May 31, 2022 through September 30 2022 which is the date the financial statements are available to be issued for possible disclosure and recognition in the financial statements, and it was determined there were no further matters requiring disclosure, other than the potential impact of the COVID-19 pandemic and planned transfer rights, disclosed above.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
BUDGETARY COMPARISON SCHEDULE FOR THE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2022

REVENUES:	Original Budget (a)	Final Budget	Actual (b)	Variance with Final Budget
Interest Income	\$ 1,400	\$ 1,400	\$ 33	\$ (1,367)
In-kind Donations	17,200	17,200	17,784	584
Total Revenues	18,600	18,600	17,817	(783)
EXPENDITURES:				
Grants and Programmatic	\$ -	\$ -	\$ -	\$ -
Accounting/Auditing	9,185	9,185	8,615	(570)
Consultant	1,000	1,000	825	(175)
Filing Fees	50	50	69	19
Bank Charges	-	-	-	-
In-kind Donated Management Fees	6,971	6,971	7,295	324
In-kind Donated Legal Fees	8,153	8,153	8,153	(0)
In-kind Donated Rent, Utilities and Supplies	2,076	2,076	2,336	260
Total Expenditures	27,435	27,435	27,293	(142)
Excess (Deficit) of revenues over expenditures	(8,835)	(8,835)	(9,476)	(641)
Fund Balances- Beginning	216,064	216,064	216,064	-
Fund Balances-Ending	\$ 207,229	\$ 207,229	\$ 206,588	\$ (641)

(a) TSCLDC prepared the board approved budget on a cash basis and not on a governmental fund basis.

(b) Actual comparative results are presented on a governmental fund basis of accounting.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To: The Members of the Theater Subdistrict Council Local Development Corporation

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities of Theater Subdistrict Council Local Development Corporation (TSCLDC), as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise Theater Subdistrict Council Local Development Corporation's basic financial statements, and have issued my report thereon dated October 15, 2022.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered TSCLDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TSCLDC's internal control. Accordingly, I do not express an opinion on the effectiveness of TSCLDC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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As part of obtaining reasonable assurance about whether TSCLDC's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TSCLDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Long Island Financial Management Services

October 15, 2022

Wantagh, New York