

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal Year End Date: 5/31/2024**

Assessment of the Internal Control Structure:

The TSC management documented and assessed the internal control structure and procedures of the Theater Subdistrict Council, LDC (“TSC”) for the year ending 5/31/2024. The assessment found the TSC’s internal control structure to be adequate and determined that no corrective actions were necessary¹.

Management continually reviews and updates the TSC’s internal control policies and procedures, which enables it to effectively document the system(s) of internal controls presently in place. Reviews and updates to these policies are performed either as a result of an annual policy review, a problem experienced, or in an effort to adopt best practices. During the fiscal year for the year ending 5/31/2024, the following policies and guidelines were reviewed:

- Procurement Policy
- Investment Guidelines
- Mission Statement
- Performance Measure

The TSC discussed the internal controls at the annual meeting held December 6, 2024.

Additionally, in performing the annual audit of financial statements, the TSC’s independent auditor considered the TSC’s internal control over financial reporting in planning and performing their audit. Although this internal control consideration was for a limited purpose, no significant deficiencies or material weaknesses were identified. The above practices, in conjunction with those measures identified in the internal audit, serve to provide the TSC with an effective control structure

¹ The Independent Auditor’s Reports 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 found: “Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.” (see attached Financial Statements at p. 13)

Conflicts of Interest Policy

1. No member, director or officer (“Covered Person”) shall have any interest, in any grant, contract or other transaction proposed to be entered into by the Theater Subdistrict Council Local Development Corporation (“TSC”), except as provided in this policy.

For purposes of this section, an “interest” shall mean: (i) an “Ownership interest” as defined under Section 2601(16) of the New York City Charter and its implementing regulations, held by the Covered Person or such Covered Person’s spouse, domestic partner or unemancipated children, in a firm or entity with respect to which the TSC proposes to enter into a grant, contract or other transaction; or (ii) a “Position”, as defined under Section 2601(18) of the New York City Charter, held by the Covered Person in a firm or entity with respect to which the TSC proposes to enter into a grant, contract or other transaction.

2. In addition to the foregoing, no Covered Person shall take any action with respect to any grant, contract or other transaction of the TSC, which would or is likely to result in direct economic gain to the Covered Person or to a firm or entity in which such Covered Person has an interest.

For the purposes of this section, an “interest” shall mean: (i) an “Ownership interest” as defined under Section 2601(16) of the New York City Charter and its implementing regulations, held by the Covered Person or such Covered Person’s spouse, domestic partner or unemancipated children, in a firm or entity doing business with a proposed or current TSC grantee or contractor or with respect to which a proposed TSC grantee or contractor intends to do business with the use of TSC funds ; or (ii) a “Position”, as defined under Section 2601(18) of the New York City Charter, held by the Covered Person in a firm or entity doing business with a proposed or current TSC grantee or contractor or with respect to which a proposed TSC grantee or contractor intends to do business with the use of TSC funds.

3. Employment with or provision of services to the City of New York shall not constitute an interest within the meaning of this policy.

4. In the event a Covered Person becomes aware of any potential conflict of interest, such Covered Person shall make disclosure forthwith to the Chair of the nature and extent of his or her potential conflict. Disclosure shall be entered in writing upon the minutes of the Board of Directors.

5. If timely disclosure is made, the Board of Directors may determine whether the TSC can obtain a more advantageous transaction with reasonable efforts in a manner that would not give rise to a conflict of interest. If a more advantageous arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board may find that it is in the TSC’s best interest, and that it is fair and reasonable for the TSC

to enter into the transaction. Such authorization shall be made by concurring vote of at least two-thirds the whole number of uninterested directors, and shall include appropriate measures to address the conflict, including but not limited to recusal by the affected Covered Person with respect to all activities of the TSC relating to the transaction.

6. If a Covered Person fails to make disclosure when he or she knew or should have known of the potential Conflict of Interest, the Board of Directors shall: (i) in the case of a director, make recommendations to the appointing person for appropriate action; (ii) in the case of an officer who is not also a director, take such action as it deems appropriate, including, if warranted, removal.