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***THEATER SUBDISTRICT COUNCIL  
LOCAL DEVELOPMENT CORPORATION***

**Financial Statements  
May 31, 2023**

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# **THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Theater Subdistrict Council Local Development Corporation

### ***Opinion***

We have audited the accompanying financial statements of the Theater Subdistrict Council Local Development Corporation (the "Organization") which comprise the statement of financial position as of May 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Theater Subdistrict Council Local Development Corporation as of May 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of Theater Subdistrict Council Local Development Corporation 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Theater Subdistrict Council Local Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



### *Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Theater Subdistrict Council Local Development Corporation'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 Theater Subdistrict Council Local Development Corporation'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.



***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2023, on our consideration of the Theater Subdistrict Council Local Development Corporation's internal control over financial reporting and on our tests of their 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Theater Subdistrict Council Local Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Theater Subdistrict Council Local Development Corporation's internal control over financial reporting and compliance.

*Wei & Co. LLP*

Flushing, New York  
October 13, 2023

# **THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

## **STATEMENT OF FINANCIAL POSITION**

**MAY 31, 2023**

### **ASSETS**

Cash ( <i>Note 3</i> )	\$206,391
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<b>TOTAL ASSETS</b>	<b>206,391</b>
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### **LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	11,000
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Commitments and contingent liabilities	
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Net assets:	
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Without donor restrictions	195,391
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$206,391</b>
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See accompanying notes to financial statements.

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2023**

	<b>Without donor restrictions</b>
<b>REVENUE:</b>	
Interest	\$ 2,203
In-kind donations	17,784
Total Revenue	19,987
<b>EXPENSES:</b>	
Management and general:	
Consultant	2,400
Professional fees	11,000
In-kind expenses	17,784
TOTAL EXPENSES	31,184
DECREASE IN NET ASSETS	(11,197)
NET ASSETS - BEGINNING OF YEAR	206,588
NET ASSETS - END OF YEAR	\$ 195,391

See accompanying notes to financial statements.

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

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Change in net assets	\$	(11,197)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Accounts payable and accrued expenses		2,100
Net cash (used in) operating activities		(9,097)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(9,097)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		215,488
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$</b>	<b>206,391</b>

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**SUPPLEMENTAL DISCLOSURE OF ADDITIONAL  
CASH FLOW INFORMATION:**

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<b>Cash paid for interest</b>	<b>\$</b>	<b>-</b>
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See accompanying notes to financial statements.



# **THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2023**

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### **1. NATURE OF ORGANIZATION**

The Theater Subdistrict Council Local Development Corporation (the “Organization”), 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.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S.GAAP”).

#### **Use of estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

# THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Basis of presentation**

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – with and without donor restrictions be displayed in the statement of financial position and the amounts of change in each of those classes of net assets be displayed in a statement of activities. The two classes of net assets are defined as follows:

*Net assets without donor restrictions:* The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions.

*Net assets with donor restrictions:* The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions.

Donor restricted contributions whose restrictions are met within the same year as received are reflected as net assets without donor restrictions in the accompanying financial statements. At May 31, 2023, net assets with donor restrictions were \$0.

#### **Fair value measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

Carrying values of non-derivative financial instruments, including cash and accounts payable and accrued expenses approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended May 31, 2023.

# THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Income taxes**

The Organization is exempt from federal income taxes under Sections 501(c)(3) and 501(c)(13) of the Internal Revenue Code. These IRC sections enable the Organization to accept donations which qualify as charitable contributions to the donor. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Accordingly, no provision for income taxes has been made in the financial statements. In addition, the Organization has no unrelated business income which could be taxable. The Organization files with the Internal Revenue Service Form 990, "Return of Organization Exempt from Income Tax" and the related State and local exempt organization returns as required.

The Organization follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for uncertain tax positions taken or expected to be taken in income tax returns. The positions are judged whether they meet the "more-likely-than-not" threshold based upon the technical merits of the positions. The Organization believes that it does not have any uncertain tax positions.

The Organization's 2020, 2021 and 2022 tax years are open and subject to examination by the tax authorities. However, the Organization is not currently under examination nor has it been contacted by any of the tax authorities.

#### **Government grants receivable and allowance for doubtful accounts**

Government grant receivables are recorded when expenses are incurred or services are rendered and the Organization has a contract for services. The allowance for doubtful accounts is based on management's review that all receivables are collectible and accordingly, no provision for doubtful collection is deemed necessary. As of May 31, 2023, there was no balance for allowance for doubtful accounts.

#### **Investment**

The Organization is only permitted to invest in Federal discount notes, US Treasury Bills, US Treasury Notes and Guaranteed Federal Government Securities. No investments were made for the year ended May 31, 2023.

# **THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2023**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Revenue Recognition**

Under the Zoning resolution when unused developments rights of a Broadway theater are transferred, the parties to the transaction must make a payment that is deposited in the Theater Subdistrict Fund established by the Organization. Revenue is recognized when payments are received as governmental support.

Contribution to support the Organization's operations are recognized as without donor restrictions unless they are received with donor stipulations that limit their use. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either net assets with donor restrictions or net assets without donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### **In-kind contributions**

The Organization recognizes and records contributions of donated non-cash assets at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. The donated services include legal, financial and operational support and the value of the donated services were calculated based on the salary of the professionals who provided the services. The donated value was reflected in the statement of activities as an in-kind contribution and expense.

# **THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2023**

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### **3. CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash in bank deposit accounts, which at times, may exceed the FDIC insured limits of \$250,000 per financial institution. At times cash balances held at financial institutions may be in excess of federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash.

### **4. SUBSEQUENT EVENTS**

The Organization's management has performed subsequent events procedures through October 13, 2023, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to or disclosure in the financial statements.

## **Supplemental Information**



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**INDEPENDENT AUDITORS' 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 Stockholders of  
The Theater Subdistrict Council Local Development Corporation

We 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 Theater Subdistrict Council Local Development Corporation, which comprise statement of financial position as of May 31, 2023, and statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Theater Subdistrict Council Local Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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.

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Theater Subdistrict Council Local Development Corporation's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wei Wei & Co., LLP*

Flushing, New York  
October 13, 2023