

HOBOKEN BUSINESS ALLIANCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

Matthews & Nulty, Inc.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Hoboken Business Alliance, Inc.

Opinion

We have audited the accompanying financial statements of Hoboken Business Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, statement of functional expenses 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 Hoboken Business Alliance, Inc. as of December 31, 2020, 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 Hoboken Business Alliance, Inc. 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 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 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 Hoboken Business Alliance, Inc.'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 Hoboken Business Alliance, Inc.'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 Hoboken Business Alliance, Inc.'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.

Matthews & Nulty, Inc.

November 15, 2021

Matthews & Nulty, Inc.

HOBOKEN BUSINESS ALLIANCE INC
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 257,059
Assessments Receivable	<u>211,118</u>
Total Current Assets	<u>468,176</u>
TOTAL ASSETS	<u>\$ 468,177</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	<u>\$ 22,444</u>
Total Current Liabilities	<u>22,444</u>
TOTAL LIABILITIES	22,444
Net Assets	
Without Donor Restrictions	<u>445,734</u>
TOTAL NET ASSETS	445,734
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 468,177</u>

The accompanying notes are an integral part of these financial statements.

HOBOKEN BUSINESS ALLIANCE INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>
REVENUE AND SUPPORT	
Member Assessments	\$ 1,325,974
Interest	<u>1,369</u>
TOTAL REVENUE AND SUPPORT	1,327,343
EXPENSES	
Program Services	841,269
Management and General	<u>40,339</u>
TOTAL EXPENSES	881,609
Change in Net Assets	445,734
NET ASSETS, Beginning of Year	<u>-</u>
NET ASSETS, End of Year	<u>\$ 445,734</u>

The accompanying notes are an integral part of these financial statements.

HOBOKEN BUSINESS ALLIANCE INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Service Expenses	Management and General	Total
Other Capital & Visual Improvements	\$ 235,815	\$ -	\$ 235,815
Marketing	176,213		176,213
Cleaning	86,991		86,991
Retail Promotions	80,856		80,856
Major Events	65,407		65,407
Street Eateries	54,274		54,274
Signs & Banners	17,713		17,713
Management	124,000	11,000	135,000
Legal & Accounting		5,710	5,710
Insurance		1,260	1,260
Occupancy		13,778	13,778
Office Supplies and Expense		4,207	4,207
Miscellaneous		4,385	4,385
	\$ 841,269	\$ 40,339	\$ 881,609

The accompanying notes are an integral part of these financial statements.

HOBOKEN BUSINESS ALLIANCE INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities:	
(Decrease) Increase in Net Assets	\$ 445,734
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
(Increase) Decrease in:	
Assessments Receivable	(211,118)
Increase (Decrease) in:	
Accounts Payable	<u>22,443</u>
Net Cash (Used in) Provided by Operating Activities	<u>257,059</u>
Net (Decrease) Increase in Cash and Cash Equivalents	257,059
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 257,059</u></u>

Supplemental Information:

No interest or income taxes paid.

The accompanying notes are an integral part of these financial statements.

HOBOKEN BUSINESS ALLIANCE, INC.

Notes to Financial Statements

December 31, 2020

1. NATURE OF OPERATIONS

Hoboken Business Alliance, Inc. (the "Corporation"), a special improvement district, is a nonprofit corporation, incorporated on July 16, 2019, and began operations on January 1, 2020. The Corporation is dedicated to carrying out and executing the following responsibilities and activities prescribed in the certificate of incorporation: To energize and enhance Hoboken's business environment, to maximize consumer engagement through collaborative alliances with businesses, government and community and to create a place where small businesses desire to be and thrive; to operate exclusively for charitable, literary, scientific, and educational purposes provided for under Section 501 (c)(3) of the Internal Revenue Code of 1986 (or any future corresponding provisions) and does not contemplate pecuniary gain or profit, incidental or otherwise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

b. Basis of Presentation

The Corporation's financial statements conform with Statements of Financial Accounts Boards Accounting Standards Codification (FASB ASC) 958-205, "Financial Statements for Not-for-Profit Organizations." Under FASB ASC 958-205, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restrictions.

Without Donor Restrictions – Assets that are not subject to donor-imposed stipulations for purpose or use.

With Donor Restrictions – Assets subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation and/or the passage of time or that will be maintained permanently by the Corporation. When a restriction expires, assets with donor restrictions are reclassified to without donor restrictions and reported in the statements of activities as net assets are released from restrictions. The Corporation held no assets with donor restrictions.

The Corporation also follows FASB ASU No. 2014-09, Revenue from Contracts with Customers ((Topic 606) "ASU No. 2014-09"). This guidance requires that an entity depict the consideration by applying a five-step analysis in determining when and how revenue is recognized. The Corporation has evaluated the effects of ASC 606 as it relates to the various revenue streams generated by the Corporation and has determined that member assessments to be contract revenue. The Corporation's position is that due to the nature of the revenue streams, the performance obligation to enhance Hoboken's business environment through assessments to members is satisfied over time on an ongoing basis through the year, and hence satisfies the standard's guidelines to recognize revenue as billed.

HOBOKEN BUSINESS ALLIANCE, INC.

Notes to Financial Statements

December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Member Assessments

Member assessments are recognized ratably over the Corporation's fiscal year and are derived from real property assessment to commercial, nonresidential properties in Hoboken, within the Corporation's district. All member assessments are available for unrestricted use.

d. Expense Allocation

Expenses are recognized when incurred are allocated on a functional basis among various program or support services based on estimates by management. Expenses that can be identified with a specific program or support services are charged directly to the program or support service. Other expenses that are common to several functions are allowed by various bases.

e. Cash and Cash Equivalents

The Association considers all highly liquid securities and other debt instruments with a maturity of three months or less to be cash equivalents.

f. Concentrations of Credit Risk

Financial instruments that potentially subject the Association to credit risk include cash and assessments receivable. At December 31, 2020, cash on deposit with financial institutions exceeded the related federal deposit insurance by approximately \$50,000, respectively. Management periodically evaluates the relative credit standing of such institutions to be sure that cash on deposit is adequately safeguarded. Assessments receivable, which have been adjusted for all known doubtful accounts, are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts.

g. Advertising

Advertising is expensed as incurred. There was \$176,213 of advertising costs in 2020.

h. Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, qualifying contributions to the Corporation are tax deductible.

The Corporation's tax filings are subject to examination by federal and state tax authorities, generally for three years after they were filed. Interest and penalties, if any, are classified as income tax expense. Management is not aware of uncertain tax positions required to be recognized and disclosed in the financial statements in accordance with generally accepted accounting principles.

HOBOKEN BUSINESS ALLIANCE, INC.

Notes to Financial Statements

December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Use of Estimates

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

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation follows a budget to manage liquidity risk. The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or board-designated restrictions within one year of the balance sheet date.

	<u>2020</u>
Cash and cash equivalents	\$ 257,059
Assessments receivable	<u>211,118</u>
Financial assets at year end	468,177
Less those unavailable for general Expenditure within one year:	<u>-</u>
Financial assets available to meet cash needs For general expenditure within one year	\$ <u><u>468,177</u></u>

4. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through November 15, 2021, the date on which the financial statements were available to be issued.

The COVID-19 outbreak has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is uncertainty around the duration of the closings. The Corporation expects this matter may negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.