

RESOLUTION NO. 2023-80

RESOLUTION ACKNOWLEDGING THE RECEIPT OF THE CITY OF VINELAND, COUNTY OF CUMBERLAND VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION AUDIT REPORT FOR YEAR ENDING DECEMBER 31, 2021 AND AUTHORIZE THE SAME TO BE RECEIVED AND FILED WITH THE CITY CLERK AND CHIEF FINANCE OFFICER.

WHEREAS, City Council has received the independent auditor's report of Stringari & Stringari, CPA, which provides the financial statements of the Vineland Downtown Improvement District Management Corporation on the basis prescribed by N.J.S.A 40:56-88; and

WHEREAS, said independent auditor's report found no conditions which would be considered to be a matter of noncompliance.

NOW THEREFORE BE IT RESOLVED by the Council of the City of Vineland that receipt of the independent auditor's report dated February 25, 2022 hereby acknowledged, and further that the same shall be received and filed with the City Clerk and Chief Finance Officer.

Adopted:

President of Council

ATTEST:

City Clerk

VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021

STRINGARI and STRINGARI
CERTIFIED PUBLIC ACCOUNTANTS

VINELAND DOWNTOWN IMPROVEMENT
DISTRICT MANAGEMENT CORPORATION
DECEMBER 31, 2021

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Stringari and Stringari, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vineland Downtown Improvement District Management Corporation

Qualified Opinion

We have audited the accompanying financial statements of Vineland Downtown Improvement District Management Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Vineland Downtown Improvement District Management Corporation as of December 31, 2021, 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 Qualified Opinion

The City of Vineland makes direct expenditures of Urban Enterprise Zone funds on behalf of the Vineland Downtown Improvement District Management Corporation which are presented on the accompanying statement of activities. The City of Vineland controls these disbursements and the related transfers from the state UEZ funds and maintains the underlying accounting records associated with these activities. Accordingly, we did not audit and express no opinion on the expenditures made directly by the City of Vineland on behalf of the Organization.

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 Vineland Downtown Improvement District Management 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 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 Vineland Downtown Improvement District Management 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 Vineland Downtown Improvement District Management 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 Vineland Downtown Improvement District Management 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.


Stringari and Stringari, CPAs
Vineland, New Jersey
February 25, 2022

VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash & Cash Equivalents	\$203,834
Prepaid Expenses	6,941
Rent Receivable (net of allowance of \$1,000)	101
Other Receivables	<u>2,417</u>
<u>TOTAL CURRENT ASSETS</u>	<u>213,293</u>

PROPERTY AND EQUIPMENT

Less: Accumulated Depreciation	<u>(224,514)</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>445,910</u>

TOTAL ASSETS \$659,203

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 1,636
Escrowed Rental Deposits	<u>1,950</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>3,586</u>

LONG-TERM LIABILITIES

Mortgages Payable (Note 6)	<u>450,534</u>
<u>TOTAL LONG-TERM LIABILITIES</u>	<u>450,534</u>

TOTAL LIABILITIES 454,120

NET ASSETS

Without Donor Restrictions	<u>205,083</u>
<u>TOTAL NET ASSETS</u>	<u>205,083</u>

TOTAL LIABILITIES AND NET ASSETS \$659,203

See accompanying notes to financial statements.

VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues

Rental Income	\$ 22,650
Special Improvement District Assessment	51,860
Program Income	59,639
Paycheck Protection Program	28,971
Interest Income	56
Second Generation UEZ Funds (as presented by City of Vineland)	68,528

Total Revenues 231,704

Operating Expenditures

Salaries and Benefits	128,404
Insurance	9,150
Professional Fees	5,429
Marketing, Promotions, and Events	39,182
Office Related Expenses	11,342
Occupancy and Other Costs	19,967
Depreciation	17,355

Total Operating Expenditures 230,829

Operating Surplus 875

Other Changes in Net Assets

Loan Forgiveness (Note 6) 14,748

Increase in Net Assets Without Donor Restrictions 15,623

Net Assets - December 31, 2020 189,460

Net Assets - December 31, 2021 \$ 205,083

See accompanying notes to financial statements.

VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 102,724	\$ 12,840	\$ 12,840	\$ 128,404
Insurance	8,235	915	-	9,150
Professional Fees	4,886	543	-	5,429
Marketing, Promotions, and Events	39,182	-	-	39,182
Office Related Expenses	10,008	667	667	11,342
Occupancy and Other Costs	15,293	2,337	2,337	19,967
Depreciation	<u>13,567</u>	<u>1,894</u>	<u>1,894</u>	<u>17,355</u>
<u>Total Expenses</u>	<u>\$ 193,895</u>	<u>\$ 19,196</u>	<u>\$ 17,738</u>	<u>\$ 230,829</u>

See accompanying notes to financial statements.

VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets	\$ 15,623
Adjustments to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities:	
Loans Forgiven	(14,748)
Depreciation Expense	17,355
Increase in Prepaid Expenses	(76)
Decrease in Rent Receivable	1,580
Increase in Other Receivable	(1,839)
Increase in Accounts Payable	<u>12</u>
<u>Net Cash Provided by Operating Activities</u>	<u>17,907</u>
Net Increase in Cash and Cash Equivalents	17,907
Cash and Cash Equivalents at Beginning of Year	<u>185,927</u>
Cash and Cash Equivalents at End of Year	<u><u>\$203,834</u></u>

Supplementary Disclosures of Cash Flow Information:

Interest Paid - \$0

See accompanying notes to financial statements.

VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Vineland Downtown Improvement District Management Corporation is authorized to assist the City of Vineland in promoting economic growth and employment within the Special Improvement District and the general welfare of the City of Vineland.

Method of Accounting:

The Organization reports information regarding its financial position and activities on the accrual basis using two classes of net assets: assets without donor restrictions and assets with donor restrictions.

Contributions With or Without Donor Restrictions:

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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. However, when a restricted grant or contribution is received and the restrictions are met in the same reporting period, the contribution is recorded as net assets without donor restrictions.

Tax-Exempt Status:

Vineland Downtown Improvement District Management Corporation has qualified as a tax-exempt organization under the existing provisions of the Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is provided. The Organization's tax returns for 2018, 2019, and 2020 remain open to inspection by the IRS, generally for a period of three years after they are filed.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents:

The Vineland Downtown Improvement District Management Corporation considers certificates of deposit at local banks to be cash equivalents.

VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2021

2. REVENUE RECOGNITION

The Vineland Downtown Improvement District Management Corporation/Main Street recognizes revenue from the State of New Jersey Urban Enterprise Zone funds upon approval of the related expenditures by the State of New Jersey Enterprise Zone and the City of Vineland. The revenue from the District Special Taxes are recognized when they are certified by Resolution of the City Council of the City of Vineland and received by the Agency.

3. PROPERTY AND EQUIPMENT

All property and equipment are stated at cost and depreciated using the straight line method over the estimated useful lives of the assets which range from 5 to 39 years.

A summary of property and equipment is as follows at December 31, 2021:

Building and Land	\$ 572,888
Office Equipment, Furniture, and Improvements	28,974
Computer	6,504
Other Equipment	<u>62,058</u>
<u>Total</u>	670,424
Less: Accumulated Depreciation	<u>(224,514)</u>
Property and Equipment - Net	<u>\$ 445,910</u>

4. SIGNIFICANT SUBSEQUENT EVENTS

The Board of Directors considered subsequent events through February 25, 2022, the date the financial statements were available to be issued, for inclusion on the financial statements.

5. FUNDING SOURCES AND SIGNIFICANT CONCENTRATIONS

The Agency receives a significant portion of its support from second generation Urban Enterprise Zone funds from the City of Vineland. Any reduction or curtailment of this funding source could be detrimental to the Agency.

VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2021

6. MORTGAGES PAYABLE

On November 26, 2008, the Agency purchased the building in which they were operating. In order to purchase the building the Agency entered into an agreement with the Enterprise Zone Development Corporation of Vineland and Millville. The mortgage note is for an unspecified term at an interest rate of zero percent (0%) per annum with no monthly payments due. In the event of sale or transfer of ownership of the property by the Agency, the loan principal (\$361,000) shall immediately become due and payable. The mortgage is secured by a First Priority Mortgage and Security Agreement covering the real property and improvements at 601-605 E. Landis Avenue.

\$ 361,000

On June 25, 2010 the Agency entered into an agreement with Enterprise Zone Development Corporation of Vineland and Millville to refinance a bank mortgage. The loan is for a term of 20 years at an interest rate of zero percent and is secured by real property and improvements and permanently installed equipment. The loan is forgivable on the following schedule: commencing with the sixth year anniversary of the loan, and every year thereafter one-fifteenth of the outstanding loan principal balance will be forgiven on an annual basis. If the property is sold the remaining balance shall immediately become due and payable. \$3,948 was forgiven in 2021.

35,534

Additional funding for façade improvements was advanced during 2011 under the following terms: Fifteen year term with no cash payments required. Commencing with the sixth year anniversary and each year thereafter, 1/10 of the outstanding loan principal balance will be forgiven. The remaining balance is payable immediately if the building is sold. \$10,800 was forgiven in 2021.

54,000

TOTAL MORTGAGES PAYABLE

\$ 450,534

The Organization's mortgages currently require no cash payments of principal or interest. Principal is anticipated to be forgiven on the following schedule:

Year ended 12/31/2022	\$ 14,748
Year ended 12/31/2023	14,748
Year ended 12/31/2024	14,748
Year ended 12/31/2025	14,748
Year ended 12/31/2026	14,748
Thereafter	15,794
	<u>\$ 89,534</u>

Total loan forgiveness recognized in 2021 was \$14,748 on two loans.

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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 donor-imposed restrictions within one year of the balance sheet date. At December 31, 2021 there were no restrictions on assets and all funds were available for general expenditure within the next year.

Financial assets at year-end	\$ 213,293
Less those unavailable for general expenditures within one year, due to restrictions	<u>0</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 213,293</u></u>