

RESOLUTION NO. 2024- 286

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, 2023 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 Martini & Martini, 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 May 21, 2024 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**

Audit Report

For the Year Ended December 31, 2023

**VINELAND DOWNTOWN IMPROVEMENT
DISTRICT MANAGEMENT
CORPORATION**

Audit Report

For the Year Ended December 31, 2023

INDEX

	PAGE
INDEPENDENT AUDITOR’S REPORT	1-2
EXHIBIT A: <i>Statement of Financial Position</i>	3
EXHIBIT B: <i>Statement of Activities</i>	4
EXHIBIT C: <i>Statement of Functional Expenses</i>	5
EXHIBIT D: <i>Statement of Cash Flows</i>	6
SCHEDULE 1: <i>Schedule of Expenditures of State Awards</i>	7
NOTES TO FINANCIAL STATEMENTS	8-16
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	17-18

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees & Executive Management of
Vineland Downtown Improvement District Management Corporation

Opinion

We have audited the accompanying financial statements of **Vineland Downtown Improvement District Management Corporation** ('VDID' or 'the Organization') (*a nonprofit organization*), which comprise the statement of financial position as of **December 31, 2023**, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of VDID as of **December 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 VDID 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 VDID's ability to continue as a going concern within one fiscal 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 and *Government 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards and *Government 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 VDID'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 VDID'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information within schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024, on our consideration of VDID's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 Organization'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 VDID's internal control over financial reporting and compliance.


Martini & Martini, CPA, PA

Vineland, NJ
May 21, 2024

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Statement of Financial Position

December 31, 2023

	Reference	2023
Assets		
Cash & Equivalents	Exhibit D	\$ 219,291
Certificates of Deposit	Note 4	51,597
Grants Receivable		21,551
Rents Receivable, Net		809
Prepaid Expenses		7,825
Property & Equipment, Net	Note 5	417,117
Total Assets		\$ 718,190
Liabilities		
Accounts Payable		\$ 10,123
Accrued Expenses		13,571
Grant Advances	Note 1	30,000
Security Deposits		1,950
Notes Payable	Note 9	508,692
Total Liabilities		564,335
Net Assets		
Without Donor Restrictions	Exhibit B	153,854
With Donor Restrictions		-
Total Net Assets		153,854
Total Liabilities & Net Assets		\$ 718,190

See Independent Auditor's Report & Accompanying Notes

MARTINI & MARTINI, CPA, PA

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Statement of Activities
For the Year Ended December 31, 2023

		2023		
	Reference	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Revenues				
State Awards	Schedule 1	\$ 99,940	\$ -	\$ 99,940
City Awards		150,097	-	150,097
County Awards		16,224	-	16,224
Fundraising & Sponsorships		62,854	-	62,854
Rental Income	Note 11	24,600	-	24,600
Total Revenues		353,716	-	353,716
Expenses				
Program Services		283,755	-	283,755
Supporting Services:				
General & Administrative		36,085	-	36,085
Fundraising		48,449	-	48,449
Total Expenses	Exhibit C	368,288	-	368,288
Change in Net Assets from Operating Activities				
		(14,572)	-	(14,572)
Non-Operating				
Interest & Dividend Income		548	-	548
Gain on Forgiveness of Debt	Note 9	14,748	-	14,748
Change in Net Assets from Non-Operating Activities				
		15,296	-	15,296
Net Increase in Net Assets				
		724	-	724
Net Assets: Beginning				
		235,552	-	235,552
Prior Period Adjustments	Note 10	(82,421)	-	(82,421)
Net Assets @ December 31,		\$ 153,854	\$ -	\$ 153,854

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Supporting Services			2023
	Program Services	General & Administrative	Fundraising	Total Expenses
Wages & Related Expenses				
Compensation	\$ 93,474	\$ 11,684	\$ 11,684	\$ 116,843
Employee Benefits	2,901	363	363	3,627
Payroll Taxes	7,227	903	903	9,033
Total Wages & Related Expenses	103,602	12,950	12,950	129,503
Advertising & Marketing	22,566	-	10,857	33,423
Bad Debt Expense	-	1,048	-	1,048
Cleaning & Maintenance	735	735	3,370	4,841
Community Development	63,000	-	-	63,000
Consumables & Supplies	5,000	-	4,875	9,875
Contract Service	25,125	8,125	-	33,250
Depreciation Expense	13,338	1,667	1,667	16,673
Dues & Subscriptions	1,437	1,437	-	2,873
Insurance	9,499	1,055	-	10,555
Meals Expense	345	-	381	726
Miscellaneous	-	110	-	110
Office Supplies & Expense	3,640	3,640	2,275	9,555
Professional Services	9,600	2,400	-	12,000
Property Taxes	7,129	1,782	-	8,911
Rent Expense	10,000	-	11,505	21,505
Telephone & Internet	2,264	566	-	2,830
Travel & Conferences	1,922	-	-	1,922
Utilities	4,551	569	569	5,689
Total Expenses	\$ 283,755	\$ 36,085	\$ 48,449	\$ 368,288

See Independent Auditor's Report & Accompanying Notes

MARTINI & MARTINI, CPA, PA

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Statement of Cash Flows

For the Year Ended December 31, 2023

	Reference	2023
Operating Activities		
Change in Net Assets	Exhibit B	\$ 724
Adjustments for Non Cash Items:		
Depreciation Expense	Note 5	16,673
(Gain) on Forgiveness of Debt	Note 9	(14,748)
(Increase) of Cash From Receivables, Prepaids, Etc.		(3,314)
Increase of Cash From Payables, Accruals, Etc.		42,983
Net Cash Provided by Operating Activities		42,317
Investing Activities		
Reinvested Certificates of Deposit	Note 4	(51,597)
Net Cash Used in Investing Activities		(51,597)
Net Decrease in Cash		(9,280)
Cash & Equivalents: Beginning		228,570
Cash & Equivalents @ December 31,		\$ 219,291
Supplemental Information		
Cash Used to Pay Interest		\$ -
In-Kind (Non-Cash) Contributions		\$ -

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

*Schedule of Expenditures of State Awards
For the Year Ended December 31, 2023*

<u>Grantor & Program Title</u>	<u>Award</u>	<u>Award Number</u>	<u>Period Covered</u>	<u>Expenditures</u>
NJ Department of Community Affairs,				
Office of Local Planning Services				
MSNJ District Transformation 2022	\$ 75,000	2022-02158-0280-01	4/5/22 - 2/6/23	\$ 63,000
MSNJ District Transformation 2023	\$ 60,000	2023-02158-0833-00	6/30/23 - 6/30/24	-
Total Office of Local Planning Services				<u>63,000</u>
Division of Housing & Community Resources				
<i>passed through City of Vineland, NJ</i>				
Neighborhood Preservation 2022	\$ 250,000	2022-02351-0049-04	10/1/21 - 12/31/23	36,940
Total Division of Housing & Community Resources				<u>36,940</u>
Total NJ Department of Community Affairs				<u>\$ 99,940</u>
Total State Awards				<u>\$ 99,940</u>

VINELAND DOWNTOWN IMPROVEMENT DISTRICT MANAGEMENT CORPORATION

Notes to Financial Statements

NOTE 1: NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Vineland Downtown Improvement District Management Corporation ('VDID' or 'the Organization') is a non-profit organization committed to enhancing and reviving the historic Landis Avenue as a thriving commercial district and community gathering place for shoppers, residents and visitors. VDID was incorporated in the state of New Jersey in 2009.

Description of Programs

VDID's program services consists of a wide variety of fundraising and events, as well as collaborative efforts with the State of NJ, City of Vineland and County of Cumberland, which in includes, but is not limited to the following:

Fundraisers & Events:

Cruise Down Memory Lane: Car show featuring approximately 2,000 American cars.

Food Truck Festival on the Ave.: Event featuring over 20 food trucks from the surrounding area.

Christmas Parade: Event featuring Santa and Mrs. Claus lighting up the Ave.

An Olde Fashioned Christmas on the Ave.: Event that allows attendees to enjoy the spirit of Christmas.

Running the Ave.: 5K race, with awards provided to the top performers in various divisions.

A Taste of Vineland: Promotes food and drink from Vineland's top eateries.

Collaborative Efforts:

Main Street New Jersey Transformation: Funding provided by the State of NJ Department of Community Affairs with the purpose to improve the appearance of commercial properties.. Improving the appearance of commercial buildings is part of an overall strategy to attract consumers and new businesses and to support existing businesses.

Neighborhood Preservation Program: Funding provided by the State of NJ Department of Community Affairs, passed through the City of Vineland, NJ with the purpose to provide direct financial and technical assistance based on the strategic revitalization plans to enhance the area.

Urban Canvas: Funding provided by Cumberland County, NJ to provide financial assistance to create professional murals within the area to create a sense of community, beautify urban spaces and inspire creativity and wonder within the community.

Basis of Accounting

The Organization maintains its books and records using the accrual basis of accounting in accordance with generally accepted accounting principles, whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

VDID is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions: The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions. Donors include other types of contributors, including makers of certain grants. For the year ended December 31, 2023, the Organization had 100% of net assets without donor restrictions.

Net Assets with Donor Restrictions: Net assets with donor restriction are those whose use have been limited by donor-imposed stipulations that specifies a use for a contributed asset that is more specific than broad limits resulting from either the nature of the Organization, the environment in which it operates or purposes specified in its articles of incorporation or bylaws. For the year ended December 31, 2023, the Organization did not report any net assets with donor restrictions.

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Notes to Financial Statements

NOTE 1: NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). Therefore, no provision for income taxes has been made in these financial statements. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor.

The Organization follows a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority in its consideration of accounting for uncertainty in income taxes. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management believes that no uncertain income tax positions exist that have a material impact on the financial statements.

The Organization's federal income tax returns for years ended 2020, 2021 and 2022 remain open to IRS inspection at the statement of financial position date. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. If applicable, the Organization would recognize related interest and penalties associated with uncertain tax positions as part of operating expenses and include accrued interest and penalties with the related tax liability in the statement of financial position.

Estimates

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

Cash & Equivalents

All short-term highly liquid investments with original maturities of three months or less from the date of acquisition are classified as cash equivalents. Amounts in transit from banks for customer and vendor accounts are classified as cash. The banks process the majority of these amounts within two business days.

The Organization maintains cash accounts, which at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023, the Organization had \$0 in excess of the FDIC insured limit. VDID has not experienced any losses from maintained cash accounts in excess of federally insured limits and believes that the Organization is not exposed to any significant credit risks related to cash accounts.

Certificates of Deposit

The Organization's investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (*either by passage of time or by use*) in the reporting period in which the income and gains are recognized. Short term investments consist of debt securities with original maturities of twelve months or less. Long term investments consist of debt securities with original maturities greater than twelve months. At December 31, 2023, VDID reported certificates of deposit of \$51,597.

Accounts Receivable

Accounts receivable is recorded at the amount the Organization expects to collect on balances outstanding at year end. In accordance with Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) 2016-13, *Financial Instruments: Credit Losses (Topic 326)*, as amended, management establishes an allowance for doubtful accounts based on the current expected credit loss (CECL) model, which is based on expected losses rather than incurred losses. The standard requires that expected credit losses are measured through the entire life of the financial asset.

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Notes to Financial Statements

NOTE 1: NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Management applies credit loss percentages based on aging categories of receivables. Management believes that the historical loss information used in their analysis is a reasonable basis on which to determine expected credit losses due to the composition of the assets at the reporting date being consistent with that used in developing the historical credit-loss percentages. Similar risk characteristics of its customers and its lending practices have not changed consistently over time.

For the year ended December 31, 2023, the Organization wrote off and reported bad debt expense of \$1,048 and allowance for credit losses of \$1,000.

Property & Equipment

VDID capitalizes property and equipment with costs of \$2,500 or greater related to major renewals and betterments that extend the useful lives of property and equipment. Expenditures for maintenance, repairs and smaller amounts are expensed as incurred. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization then reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Deferred Revenue (Grant Advances)

Deferred revenue represents monies received in advance in which the Organization has not expended related to the donor imposed and/or time restriction of the contribution or grant. Once VDID satisfies the related donor-imposed restrictions for the balance of deferred revenue, it is then recognized into revenue. The Organization recognized \$7,500 of prior year deferred revenue into revenues for year ended December 31, 2023 and reported deferred revenue of \$30,000.

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and, accordingly no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Functional Expenses

The costs of providing programs and services have been summarized on a functional basis in the *Statement of Functional Expenses*. Expenses directly attributable to a program are charged to that program. Expenses that cannot be directly charged to a program are allocated based on management's best estimate of the percentage attributable to each function.

Certain expenses attributable to more than one program or function are allocated based on a reasonable estimate that is consistently applied. Salaries are allocated based on reasonable estimates of time and effort. Occupancy related expenses are allocated by square footage. Depreciation, insurance, office expenses and other similar expenses are allocated based on management's best estimate of usage.

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Notes to Financial Statements

NOTE 1: NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs for the year ended December 31, 2023 totaled \$33,423.

Revenue Recognition

The Agency recognizes revenues in accordance with FASB ASU 2018-08, *Not for Profit Entities (Topic 958) Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*, and ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

Under ASU 2018-08, if you do not have a contribution, then you have an “exchange” transaction that must be accounted for under the Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, which requires an entity to recognize revenue when (or as) goods are transferred or services are provided to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for goods and services.

Under Topic 606, VDID determines when to recognize revenue, and in what amount, by applying a 5-step model: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Organization satisfies a performance obligation. Each of these steps involves the use of significant judgments.

The contract and related performance obligations with the customer is established when the contract or grant agreement is agreed to and executed by all parties involved. Revenue is recognized when the agreed upon performance obligations have been met and the Organization has relinquished ownership or obligation to perform such services. Revenues can be recognized at a single point in time or over a specified period of time as indicated in the contract.

The Organization's revenues mainly consist of contributions, fundraising sponsorships, grants and rental income. Revenues and expenses for programs run by the Organization are recognized in the period during which the program occurs.

Contributions & Fundraising Sponsorships

Contributions and sponsorships received and unconditional promises to give are recorded as contributions with donor restrictions or contributions without donor restrictions. The Organization has not received contributions with donor-imposed restrictions that would result in net assets with donor restrictions. All donor-restricted contributions would be reported as an increase in donor restricted net assets. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions. If a restriction expires within the same accounting period as the contribution, the donation is recorded as net assets without donor restrictions.

Grants

Revenues for grants are recognized when allowable expenses are incurred. Funds received in advance of their proper usage are accounted for as grant advances (a liability) in the *Statement of Financial Position*. Funds that are spent in accordance with grant contract requirements but not yet received are accounted for as grants receivable (an asset). Transaction amounts are determined by grant agreements. Grants that are based on predetermined rates for services performed are recognized in the period the service is performed and billed, thus satisfying the performance obligation(s) that are identified in the contracts.

Rental Income

Rental income is recognized over the course of the rental contract with the customer. As such, VDID recognizes the associated rental revenue once rent is due per the agreement, on a month-to-month basis.

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Notes to Financial Statements

NOTE 1: NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributed Goods & Services

The Organization may receive services, equipment and assets without payment or compensation. Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributed services and other non-cash contributions are recorded at cost or estimated fair value, determined at the date of the donation. VDID reported in-kind contributions of \$0 for the year ended December 31, 2023.

Newly Adopted Accounting Standards (*Current Expected Credit Losses (CECL)*)

The FASB issued ASU 2016-13, *Financial Instruments: Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update, and subsequent clarifying guidance and amendments issued, is intended to improve financial reporting by requiring timelier recording of credit losses on financial instruments. It requires the Organization to measure all expected credit losses for financial assets held at the reporting date through the life of the financial instrument. Financial institutions and other organizations will use forward-looking information to estimate their credit losses. The Organization adopted this credit losses accounting standard update effective January 1, 2023.

Adoption of the standard resulted in no change to how the Organization determined its allowance.

NOTE 2: LIQUIDITY & AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date as of and for the year ended December 31, 2023.

Description	2023
Cash & Equivalents & Certificates of Deposit	\$ 270,888
Grants & Rents Receivable	22,361
Total Financial Assets at December 31,	293,248
<i>Less: Amounts Unavailable for General Expenditures Within One Year:</i>	
Grant Receivables for Amounts Expended Prior to Year End	21,551
Grant Advances & Security Deposits	31,950
Total Amounts Unavailable for General Expenditures Within One Year	53,501
Total Assets Available to Meet Cash Needs for General Expenditures	\$ 239,747

NOTE 3: RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, VDID entered into the following related party transactions.

Description	2023
Reimbursements Made to Employees & Board Members	\$ 785
Contributions & Sponsorships Made from Board Members & Related Organizations	7,010
MSNJ Facade Grant Improvements Expenditures Made to Executive Director	12,000
MSNJ Facade Grant Improvements Expenditures Made to Previous Associate Director	8,000
Total Absolute Value of Related Party Transactions	\$ 27,795

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Notes to Financial Statements

NOTE 4: FAIR VALUE MEASUREMENTS

The Organization accounts for fair value measurements in accordance with FASB ASC 820, *Fair Value Measurements*, which establishes a hierarchy for the inputs used to measure fair value. The hierarchy is organized into three levels based on the input assumptions used for pricing assets.

- Level 1 measurements are most observable and are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Market transactions occur with sufficient frequency and volume to ensure liquidity.
- Level 2 measurements are derived indirectly from observable inputs or from quoted prices from markets that are less liquid.
- Level 3 are measurements that are least observable, are estimated from related market data, determined from sources with little or no activity from comparable contracts, or are positions with longer durations.

The following shows the classification of investments maintained by the Organization at fair market value at December 31, 2023. Valuation techniques have not changed from prior year.

- *Certificates of Deposit* are considered level 2 inputs as they are valued at cost, which approximates fair value. Market-linked certificate of deposits are valued on the basis of the performance of the underlying asset.

The following table sets forth by level investments valued at fair market value at December 31, 2023.

Investments at Fair Value as of December 31, 2023

Investment Type	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 51,597	\$ -	\$ 51,597
Total Investments @ Fair Value	\$ -	\$ 51,597	\$ -	\$ 51,597

NOTE 5: PROPERTY & EQUIPMENT

See below for the schedule of property and equipment as of and for the year ended December 31, 2023.

	Estimated Useful Life	Original Cost	Accum. Deprec.	Net Book Value	Deprec. Expense
Land	N/A	\$ 104,949	\$ -	\$ 104,949	\$ -
Buildings & Improvements	40 yrs.	473,173	170,740	302,433	11,829
Equipment	5-15 yrs.	86,023	76,288	9,735	4,331
Furniture & Fixtures	7-10 yrs.	11,513	11,513	-	513
Total Depreciable Assets		\$ 675,659	\$ 258,541	\$ 417,117	\$ 16,673

NOTE 6: REVENUE RECOGNITION (ASC 606)

As mentioned in Note 1, under Topic 606, VDID determines when to recognize revenue, and in what amount, by applying a 5-step model: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Organization satisfies a performance obligation. Each of these steps involves the use of significant judgments.

The beginning and ending contract balances recorded in accordance with ASC 606 are as follows:

Description	2023	2022
Contract Assets: Grants & Rents Receivable	\$ 22,361	\$ 19,490
Contract Liabilities: Deferred Revenues & Security Deposits	31,950	9,450
Total Contract Balances	\$ 54,311	\$ 28,940

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Notes to Financial Statements

NOTE 7: SIGNIFICANT CONTRIBUTOR & VENDOR CONCENTRATIONS

For the year ended December 31, 2023, two grantors accounted for 45% and 27% of total revenues. No other grantors or contributors accounted for over 10% of total revenues.

No vendors accounted for 10% or more of purchases.

NOTE 8: DEFINED CONTRIBUTION RETIREMENT PLAN

Subject to salary limitations, employees of the Organization are entitled to participate in the Defined Contribution Retirement Program (DCRP) established in 2007 by the State of NJ. Within the DCRP, members contribute 5.5% of their base salary, which is matched by a 3% employer contribution. Additionally, the DCRP provides life insurance and long term disability coverage. For the year ended December 31, 2023, the employer incurred retirement plan expenses of \$3,627 and is included within the caption *Employee Benefits* within the *Statement of Functional Expenses*.

NOTE 9: LONG TERM DEBT

The Organization held the following long term debt obligations at December 31, 2023 as follows:

	2023
1) Vineland Revolving Loan Fund, LLC (01-01)	\$ 361,000
Date: <i>11/26/2008</i>	
Amount: <i>\$361,000</i>	
Term: <i>No principal or interest payments due. Note becomes due and payable immediately upon sale or transfer of the property.</i>	
Interest: <i>0.00%</i>	
Collateral: <i>Buildings & Improvements</i>	
2) Vineland Revolving Loan Fund, LLC (02-02)	27,637
Date: <i>06/25/2010</i>	
Amount: <i>\$59,223</i>	
Term: <i>20 years with no principal or interest payments due. Beginning in 2016, and every year after, one fifteenth (1/15) of loan principal is to be forgiven (\$3,948). Note becomes due and payable immediately upon sale or transfer of property prior to forgiveness of all principal.</i>	
Interest: <i>0.00%</i>	
Collateral: <i>Buildings & Improvements</i>	
3) Vineland Revolving Loan Fund, LLC (03-01)	32,400
Date: <i>01/24/2011</i>	
Amount: <i>\$108,000</i>	
Term: <i>15 years with no principal or interest payments due. Beginning in 2016, and every year after, one tenth (1/10) of loan principal is to be forgiven (\$10,800). Note becomes due and payable immediately upon sale or transfer of property prior to forgiveness of all principal.</i>	
Interest: <i>0.00%</i>	
Collateral: <i>Buildings & Improvements</i>	

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Notes to Financial Statements

NOTE 9: LONG TERM DEBT (CONTINUED)

	2023
4) Vineland Revolving Loan Fund, LLC (02-03)	87,655
Date: 01/01/2018	
Amount: \$87,655	
Term: <i>No principal or interest payments due. Note becomes due and payable immediately upon sale or transfer of the property.</i>	
Interest: 0.00%	
Collateral: <i>Buildings & Improvements</i>	
Total Notes Payable	508,692
Less: Current Maturities	14,748
Total Non Current Maturities	\$ 493,944
Principal payments on the above debt are due as follows:	
2024 <i>(To be paid through loan forgiveness)</i>	\$ 14,748
2025 <i>(To be paid through loan forgiveness)</i>	14,748
2026 <i>(To be paid through loan forgiveness)</i>	14,748
2027 <i>(To be paid through loan forgiveness)</i>	3,948
2028 <i>(To be paid through loan forgiveness)</i>	3,948
2029 <i>(To be paid through loan forgiveness)</i>	3,948
2030 <i>(To be paid through loan forgiveness)</i>	3,948
Other <i>(Due Upon Sale or Transfer of Property Contingency)</i>	448,655
Total	\$ 508,692

NOTE 10: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments for the year ended December 31, 2023 are as follows:

Description	2023
Adjustment to record recoverable grant note payable excluded from prior year financials	\$ (87,655)
Adjustment to adjust property and equipment for assets excluded from prior year financials	5,234
Total Prior Period Adjustments	\$ (82,421)

NOTE 11: LEASING ARRANGEMENTS

Lessee Activities

The Organization does not maintain any operating or finance leasing arrangements that require the Organization to disclose leasing related assets and liabilities. All rent expense presented on the accompanying financial statements are short term rentals consisting of a few days to support fundraising activities and events held during the year.

Lessor Activities

The Organization leases commercial space at 601 East Landis Avenue and 605 East Landis Avenue to two companies. The commercial space leases are classified as operating leases with terms through January 31, 2028 and March 31, 2029, respectively. The operating leases do not transfer ownership of the leased assets and do not provide an option for the lessee to purchase the assets.

The carrying amounts of the underlying building assets are included within property and equipment under buildings and improvements and consists of a total cost of \$315,449, less accumulated depreciation of \$113,827, resulting in a net book value of \$201,622.

**VINELAND DOWNTOWN IMPROVEMENT DISTRICT
MANAGEMENT CORPORATION**

Notes to Financial Statements

NOTE 11: LEASING ARRANGEMENTS (CONTINUED)

Lessor Activities (Continued)

The related lease income is recorded under the caption *Rental Income*. For the year ended December 31, 2023, VDID recognized rental income in the amount of \$24,600. Maturities of undiscounted operating lease payments to be received by the Organization in subsequent years are as follows:

For the Year Ended December 31,

2024	\$ 22,796
2025	27,510
2026	28,335
2027	29,185
2028	14,758
2029	3,377
Total	<u>\$ 125,961</u>

NOTE 12: DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 21, 2024, the date which the financial statements were available to be issued.

William J. Martini, Sr., CPA (*Deceased*)
William J. Martini, Jr., CPA, RMA, MS*
John R. Martini, CPA, CFP
Tyler J. Martini, CPA, MSPA

*Certified in NJ & PA with a Masters
Degree in Taxation

**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 Board of Trustees & Executive Management of
Vineland Downtown Improvement District Management 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 Vineland Downtown Improvement District Management Corporation ('VDID' or 'the Organization') (*a nonprofit organization*), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 VDID's internal control. Accordingly, we do not express an opinion on the effectiveness of VDID'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether VDID'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 financial statements. 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VDID's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martini & Martini
Martini & Martini, CPA, PA

Vineland, NJ
May 21, 2024

specifications for the work to be contracted shall be approved by the municipal engineer prior to initiation of any action for the awarding of a contract under that act.

L.1984, c. 151, s. 20, eff. Sept. 10, 1984.

40:56-87. Inclusion of pedestrian mall or special improvement district in other improvement or rehabilitation district

Nothing contained in P.L.1972, c. 134 (C. 40:56-65 et seq.) or in this amendatory and supplementary act shall prohibit a municipality from including a pedestrian mall or special improvement district within the bounds of any area, district or zone established pursuant to law, which has as one of its purposes the encouragement of the construction of improvements or the rehabilitation of properties located within those bounds, or the inducement of private enterprises to locate within those bounds, whether by the provision of tax credits, exemptions or abatements, or by provision of special public financing arrangements. The provisions for the pedestrian mall or special improvement district shall be included within the plans for the area, district or zone so established, whether by integration into the original plans or by amendment.

L.1984, c. 151, s. 21, eff. Sept. 10, 1984.

40:56-88. District management corporation; annual audit

The district management corporation shall cause an annual audit of its books, accounts and financial transactions to be made and filed with the governing body of the municipality, and for that purpose the corporation shall employ a certified public accountant of New Jersey. The annual audit shall be completed and filed with the governing body within four months after the close of the fiscal year of the corporation, and a certified duplicate copy of the audit shall be filed with the Director of the Division of Local Government Services in the Department of Community Affairs within five days of the filing of the audit with the governing body of the municipality.

L.1984, c. 151, s. 22, eff. Sept. 10, 1984.

40:56-89. Annual report to municipal governing body

The district management corporation shall, within 30 days after the close of each fiscal year, make an annual report of its activities for the preceding fiscal year to the governing body of the municipality.

L.1984, c. 151, s. 23, eff. Sept. 10, 1984.