

SA INFINITY FINANCIAL SERVICES, LLC

Accounting, Tax & Management
Services

Avenue North Renaissance

FINANCIAL STATEMENTS

Year Ended June 30, 2024

AND

INDEPENDENT AUDITOR'S REPORT

Avenue North Renaissance

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Avenue North Renaissance
440 North Broad Street, 3rd Floor
Philadelphia, Pennsylvania 19130

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Avenue North Renaissance, Inc. (ANR) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 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 my opinion, the financial statement presents fairly, in all material respects, the financial position of ANR as of June 30, 2024, and the changes in 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (US-GAAS) and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of ANR and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 (U.S. GAAP); this includes 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 ANR'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

My 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 my 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 U.S. GAAS 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.

In performing an audit in accordance with U.S. GAAS I:

- 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 the ANR'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ANR's ability to continue as a going concern for a reasonable period of time. I am 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 I identified during the audit.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avenue North Renaissance as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United State of America.

SA Infinity Financial Services, LLC

Soyi Akinsola, CPA

May 16, 2025

Avenue North Renaissance
STATEMENT OF FINANCIAL POSITION
As of June 30, 2024

Assets	\$
Current Assets	
Cash and Cash Equivalent	476,367
Accounts Receivable	1,036,508
Total Current Assets	<u>1,512,875</u>
Fixed Assets	
Equipment	9,654
Furniture and Fixtures	1,100
Less Accumulated Depreciation	(6,908)
Total Fixed Assets	<u>3,846</u>
Total Assets	<u>1,516,721</u>
Liability and Net Assets	
Current Liabilities	
Accounts Payable	93,461
Other short term liabilities	340
Total Current Liabilities	<u>93,801</u>
Long term Liabilities	
SBA Loan @ 2.7% rate	150,599
Total Long term Liabilities	<u>150,599</u>
Total Liabilities	<u>244,400</u>
Net Assets	
Without donor restriction	1,272,321
With donor restriction	-
Total Net Assets	<u>1,272,321</u>
Total Liability and Assets	<u>1,516,721</u>

See accompanying notes

**Avenue North Renaissance
STATEMENT OF ACTIVITIES
As of June 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	Total
Revenue and Supports	\$	\$	\$
NBBID Properties Assessment Fee (see Note 2)	1,208,278	-	1,208,278
Program Income (Contribution & Grants)	333,414	-	333,414
Fund Raising	72,000	-	72,000
Interest Income	463	-	463
Total Revenue	<u>1,614,155</u>	-	<u>1,614,155</u>
Expenses			
Program Expenses (See Note 7)	524,942	-	524,942
Supporting Services Expenses (see Note 7)	254,738	-	254,738
Total Expenses	<u>779,680</u>	<u>-</u>	<u>779,680</u>
Change in Net Assets	834,475	-	834,475
Change in Assets, Beginning of Year	<u>437,846</u>	-	<u>437,846</u>
Change in Assets, End of Year	<u><u>1,272,321</u></u>		<u><u>1,272,321</u></u>

See accompanying notes

**Avenue North Renaissance
STATEMENT OF CASH FLOWS
As of June 30, 2024**

Cash Flows From Operating Activities	\$
Change in Net Assets	834,475
Adjustment to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	812
Accounts Payable	46,102
Accounts Receivable	(947,359)
Prepaid Expenses and Other Assets	<u>2,732</u>
Net Cash Provided by Operating Activities	<u>(63,238)</u>
Cash Provided by Investing Activities	-
Net Cash Provided by Investing Activities	<u>-</u>
Cash Flows Used by Financing Activities	
Credit Card and SBA Loan	7,501
Net Cash Used by Financing Activities	<u>7,501</u>
Net Increase/Decrease in Cash and Cash Equivalents	(55,737)
Cash and Cash, beginning of the year	<u>532,104</u>
Cash and Cash, end of the year	<u>476,367</u>

See accompanying notes

Avenue North Renaissance
STATEMENT OF FUNCTIONAL EXPENSES
As of June 30, 2024

	Program Activities				Supporting Activities		Total Expenses
	Clean & Safe	Economic Development	Marketing	Maintenance & Landscaping	Program Total	Management & General Expenses	
Expenses	\$	\$	\$	\$	\$	\$	\$
Administration & Others	-	-	2,547	-	2,547	61,304	63,851
Depreciation	-	-	-	-	-	811	811
Insurance	-	-	-	-	-	9,008	9,008
Office & Occupancy	800	-	-	-	800	369	1,169
Salaries & Benefits	-	-	-	-	-	118,510	118,510
Services & Professional	311,342	7,998	57,890	65,074	442,303	48,746	491,049
Supplies & Travels	-	-	-	-	-	8,294	8,294
Interest Expenses	-	-	-	-	-	7,695	7,695
Equipment	34,504	-	8,210	-	42,714	-	42,714
Volunteers	28,978	-	7,600	-	36,578	-	36,578
Total Expenses	375,624	7,998	76,247	65,074	524,942	254,737	779,680

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

1. Organization

Avenue North Renaissance (“ANR”), is a Pennsylvania non-profit organization, incorporated in the state of Pennsylvania in 2014. ANR is incorporated exclusively for the charitable and educational purposes within the meaning of Section 501(c)(3) to promote community economic development, historic preservation, and arts and culture along the North Broad corridor of Philadelphia, and its surrounding community. The organization serves as a Special Service District (SSD) in the City of Philadelphia, whose primary role is to provide communication and information to City administrators and Council, neighborhood and community groups and others who are (or may) do business or development or other activities on North Broad Street, from City Hall to Germantown Avenue in Philadelphia, Pennsylvania. In partnership with community stakeholders, we are looking to revitalize the community, create opportunities, and improve the economic power and overall quality of life along North Broad Street, these efforts have been named the North Broad Renaissance. The organization’s strategic areas of focus include: (a) Clean and Safe North Broad, (b) Maintenance and Landscaping, (c) Marketing and Communications, and (d) Economic Development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of ANR have been prepared on the accrual basis of accounting. ANR reports information regarding its financial position and activities according to the following net assets classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ANR. These net assets may be used at the discretion of ANR's management and the Board of Directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ANR or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect on outstanding balances. Accounts receivable generally consists of grants or contracts that have been approved to support ANR's objectives and these items have been billed but not collected. These receivables have been adjusted for all known uncollectible accounts. Management considers historical write-off and recovery information in determining the estimated bad debt provision. No allowance for doubtful accounts has been provided as of June 30, 2024. The total Grants and Contracts receivable due within one year as of June 30, 2024 is **\$1,036,508**.

New Revenue Collection Through North Broad Properties Assessment

On November 17, 2022, the City of Philadelphia signed Bill No. 220634, "AN ORDINANCE", establishing a neighborhood improvement district (NBBID), to be known as the North Broad Business Improvement District ("district"). The district encompasses both sides of North Broad Street, from the north side of Spring Garden Street to the south side of Indiana Avenue. This Bill designated North Broad Renaissance (NBR), (Legal name is Avenue North Renaissance, Inc). a Pennsylvania non-profit corporation, as the Neighborhood Improvement District Management Association for the district. The Bill authorized the Director of Commerce, on behalf of the City, to execute an agreement with the North Broad Renaissance relating to the district and authorized North Broad Renaissance to assess property owners within the district a special property assessment fee to be used per the approved plan. The approved plan mandated NBR to undertake six (6) core sets of activities, which include cleaning and safety, maintenance and greening, Marketing and communications, business attraction, retention and development, and capital improvements. North Broad Renaissance has established a policy to handle the billing and collection process. The policy includes assessment calculation method, collection method, and accounting methods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The first fiscal year for NBBID starts on January 1, 2024. All services and programs outlined in the plan will begin during this first year of District activity and will continue for the duration of the ordinance, which is five years, ending on December 31, 2028. Each assessment mandated by this ordinance is due on the first day of each month, starting from October 1 of the year the assessment becomes payable, and will remain due until it is fully paid.

The first property assessment was conducted in 2024 and generated approximately \$1.2 million in revenue, which accounts for 63% of the total revenue of ANR in 2024. Of the \$1.2 million generated, \$265,000 (22% of the total assessment) was collected during the audit year, leaving outstanding accounts receivable of \$943,000 (78% of the total assessment). It is important to note that this analysis of collections and outstanding assessments is based on activities from January to June 2024. Therefore, I have not reported or reviewed the amounts collected between July and December 2024, as they are outside the scope of the audit. Based on the analysis conducted and discussions with management, I have no reason to doubt the collectability of the outstanding receivable generated by this new revenue method.

Contribution

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment is reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

ANR is a not-for-profit organization as described under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes on income related to the fulfillment of ANR's mission. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require disclosure.

Property and Equipment

Acquisition of property and equipment are capitalized and are carried at cost or, if donated, at the appropriate fair value at date of donation, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives as follows:

Equipment	15 years
Furniture & Fixtures	5 years

Improvements and replacements are capitalized when they extend the useful life, increase capacity or improve the efficiency of the asset. Repairs and maintenance are charged to expense as incurred.

3. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures. As of June 30, 2024, the Organization's liquidity resources and financial assets available within one year for general expenditures, such as operating expenses is - Cash and Cash Equivalents of **\$476,367**. This liquidity is available to meet cash needs for general expenditures within one year Less amounts not available to be used within one year. At times such cash and cash equivalents may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As at June 30, 2024, ANR had deposits approximately **\$226,367** in excess of FDIC insured limits.

4. PROPERTY, PLANT AND EQUIPMENT

Property and Equipment as of June 30, 2024, consisted of the following:

Equipment	\$9,654
Furniture and Fixtures	<u>1,100</u>
	10,754
Accumulated Depreciation	<u>(6,908)</u>
	<u><u>\$3,846</u></u>

5. COMMITMENT – Long Term Liability

The Organization obtained an unsecured loan in the amount of \$150,000 (One Hundred and Fifty Thousand and 00/100 Dollars) from the Small Business Administration (SBA Loan). This loan was made available as part of the COVID-19 Economic Injury Disaster program. The interest rate for the loan is 2.75% with a maturity term of 30 years. The loan outstanding balance as of June 30, 2024 is \$150,599. The Loan was not collateralized by any of the organization's property. The Note Payable to SBA is due in a monthly installment of \$641.00 (Six Hundred and Forty-one Dollars) commencing 2025.

6. NET ASSETS WITH DONOR RESTRICTIONS- TEMPORARY IN NATURE

The company does not report any Net assets with donor restrictions – temporary in nature, as at June 30, 2024.

7. Functional Expenses

The cost of providing the organization's various programs and activities summarized on a functional basis in the statement of activities and changes in net assets are detailed on the statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

FUNCTIONAL EXPENSES DETAILS

Expenses	Program Activities				Supporting Activities		Total Expenses
	Clean & Safe	Economic Development	Marketing	Maintenance & Landscaping	Program Total	Management & General Expenses	
	\$	\$	\$	\$	\$	\$	\$
Administration & Others	-	-	2,547	-	2,547	61,304	63,851
Depreciation	-	-	-	-	-	811	811
Insurance	-	-	-	-	-	9,008	9,008
Office & Occupancy	-	-	-	-	-	369	369
Salaries & Benefits	800	-	-	-	800	118,510	119,310
Services & Professional	311,342	7,998	57,890	65,074	442,303	48,746	491,049
Supplies & Travels	-	-	-	-	-	8,294	8,294
Interest Expenses	-	-	-	-	-	7,695	7,695
Equipment	34,504	-	8,210	-	42,714	-	42,714
Volunteers	28,978	-	7,600	-	36,578	-	36,578
Total Expenses	375,624	7,998	76,247	65,074	524,942	254,737	779,680

8. SUBSEQUENT EVENT

Management has evaluated events and transactions for potential recognition or disclosure through the date which the financial statements were available to be issued.