

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**

**Annual Report
Fiscal Year End Date: 5/31/2008**

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Operations and Accomplishments

During the fiscal year ended May 31, 2008, the Theater Subdistrict Council LDC (the "TSC") held its organizational and first annual meetings on July 30, 2007. At these meetings directors and officers were appointed, and the by-laws, conflicts of interest and ethics policies were adopted. Additionally, the organization applied for and received recognition of its tax exempt status under IRC§ 501(c)(3), the Theater Subdistrict Fund was established, and the Chief Financial Officer and Contracting Officer were appointed.

Meetings of members and directors were again held on March 12, 2008, and a proposed grantmaking procedure was considered. Thereafter, the draft grantmaking procedure was made available for public comment. An additional meeting of directors was held on April 22, 2008, wherein the directors approved the annual budget for FY 2008-2009 and the final grantmaking procedure.

Following the conclusion of the FY 2007-2008, a consultant was hired to assist with administration of the grant program, and the grant application was published. The organization is currently receiving applications and expects to announce awards in February 2009.

Project Summary

Guidelines and grantmaking procedures were designed during FY 2007-2008. Grants designed to stimulate and support new theatrical presentations, to enhance and encourage new audiences, and to promote historic district and theater preservation activities, will be awarded during FY 2008-2009.

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Board Member Summary

Name	Position
Michael Bloomberg	Mayor of the City of New York
Kate Levin	Mayor's Alternate
Christine Quinn	Speaker of the City Council of the City of New York
Danielle Porcaro	Speaker's Alternate
Scott Stringer	Manhattan Borough President
Dan Golub	Borough President's Alternate
Amanda Burden	Director of NYC Department of City Planning
Jed Bernstein	Mayor's Appointee
Ben Cameron	Mayor's Appointee
Paige Price	Mayor's Appointee
George Wolfe	Mayor's Designee

Employee Summary

The TSC has no employees.

Compensation Schedule

Members and directors receive no compensation for their service to the TSC.

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Receipts and Disbursements

During the fiscal year ended May 31, 2008, the TSC received total revenues totaling \$3,226,129. During that same time period, the TSC had total expenditures totaling \$2,103. During January and February, 2008, the TSC transferred into the Theater Subdistrict Fund all funds which had been held in escrow on its behalf prior to its organization.

Income Statement (6/01/2007-5/31/2008)

Operating Revenues

Contributions through May 31, 2008	
Broadhurst	\$ 817,366
250 W 55th Street	\$ 2,350,353
Interest (escrow 6/01/07 - 2/4/08)	\$ 49,353
Interest (bank account 1/18/08 - 5/31/08)	\$ 9,057

Total Revenue \$ 3,226,129

Operating Expenses

Filing Fees	\$ 1,000
Accountant/ Auditor	\$ -
Banking fees	\$ 1,103

Total Expenses \$ 2,103

Net Income (through 5/31/2007) \$ 3,224,026

Beginning Balance \$ 1,727,357

Ending Balance \$ 4,951,384

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Assets and Liabilities

On May 31, 2008, the TSC's only assets were its checking and savings accounts, totaling \$4,951,384. The organization had no liabilities.

Balance Sheet (5/31/08)

Assets

Cash (checking and savings accounts)	\$4,951,384
Accounts Receivable	\$0
Inventories	\$0
Other Assets	\$0

Liabilities

Accounts Payable	\$0
Other Liabilities	\$0

Net Assets

Total Net Assets	\$4,951,384
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Schedule of Debt

The TSC does not have any debt outstanding.

Real Property Transactions Summary

The TSC does not have any real property interest, and no property was disposed during the fiscal year.

Procurement Summary

Number of Current Contracts	1
Total Value of Contracts	\$2,500

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Code of Ethics (adopted 7/31/2007)

This Code of Ethics shall apply to all members, directors, officers of the TSC and staff to such members, directors and officers ("Covered Persons") providing assistance to the Theater Subdistrict Council Local Development Corporation ("TSC"). These policies shall serve as a guide for official conduct and are intended to enhance the ethical and professional performance of covered persons, and to preserve public confidence in TSC's mission.

This Code of Ethics is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest and the ethical duties applicable to not-for-profit corporations.

Responsibilities of Members, Directors, Officers and Staff

1. Covered Persons shall perform their duties with transparency, without favor, and shall refrain from engaging in outside matters of financial or personal interest that could impair independence of judgment or prevent the proper exercise of official duties.
2. Covered Persons shall not directly or indirectly, make, advise, or assist any person to make any financial investment based upon information available through their official position that could create any conflict between their public duties and interests and their private interests.
3. Covered Persons shall not accept or receive any gift or gratuities where the circumstances would permit the inference that the gift is intended to influence the individual in the performance of official business, or that the gift constitutes a tip, reward, or sign of appreciation for any official act. Gifts subject to this provision may take the form of financial payments, services, loans, travel reimbursement, entertainment, hospitality, thing or promise from any entity doing business with or before the TSC. In the event that a Covered Person receives any such gift or gratuity, he or she shall immediately notify the Chairperson of the Governance Committee in order to make proper disposition of such gift or gratuity. Notwithstanding the foregoing, meals and gifts that are permissible and not deemed valuable under §2604(b)(5) of the Charter of the City of New York and implementing regulations, as defined in Title 53 of the Rules of the City of New York, shall neither require reporting nor violate this policy.
4. Covered Persons shall not use or attempt to use their official position with the TSC to secure unwarranted privileges for themselves, members of their family or others, including grants or contracts with the TSC.
5. Covered Persons must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust.
6. Except as otherwise authorized pursuant to the TSC policy on Conflicts of Interest, Covered Persons may not engage in any transaction with an outside entity in which they

have a direct or indirect financial interest that may reasonably conflict with the proper discharge of their official duties.

7. Except as otherwise authorized pursuant to the TSC policy on Conflicts of Interest, Covered Persons may not engage in any transaction with an outside entity in which they hold a position as trustee, director, officer, member or employee.

8. Covered Persons shall manage all matters within the scope of the TSC's mission independent of any other affiliations or employment. Members, directors, officers and staff shall strive to fulfill their professional responsibility to the TSC without bias and shall support the TSC mission to the fullest.

9. Covered Persons shall not use TSC property or resources or disclose information acquired in the course of their official duties in a manner inconsistent with State or local law and the TSC's mission and goals.

10. Covered Persons shall make the annual filings required under N.Y. Pub. Auth. Law § 2825(3).

Reporting Unethical Behavior

Covered Persons shall report unethical behavior to the Chairperson of the Governance Committee.

Implementation of Code of Ethics

The Chairperson of the Governance Committee shall have the following duties:

- Counsel in confidence Covered Persons who seek advice about ethical behavior.
- Record the receipt and disposition of gifts or gratuities reported by Covered Persons.
- Receive and record reported ethical violations.
- Receive and investigate complaints regarding ethics violations.
- Dismiss complaints found to be without substance.
- Refer all matters to the Governance Committee, where further actions or investigations are deemed necessary.

In addition to any penalty contained in other provisions of law, if a Covered Person violates any provision of this Code of Ethics, the Governance Committee may prepare a report of its findings. Such report shall be submitted to the board and shall include suggested remedies that are appropriate under the circumstances.

An assessment of the effectiveness of this Code of Ethics shall be prepared annually by the Governance Committee.

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Assessment of the Internal Control Structure

Grantmaking activities of the organization began after the close of the fiscal year, therefore an assessment of the TSC's internal control structure is not yet warranted. Upon conclusion of the initial grant cycle, the TSC Governance Committee will meet to conduct and assessment.

Conflicts of Interest Policy (adopted 7/30/2007)

1. No member, director or officer ("Covered Person") shall have any interest, in any grant, contract or other transaction proposed to be entered into by the Theater Subdistrict Council Local Development Corporation ("TSC"), except as provided in this policy.

For purposes of this section , an "interest" shall mean: (i) an "Ownership interest" as defined under Section 2601(16) of the New York City Charter and its implementing regulations, held by the Covered Person or such Covered Person's spouse, domestic partner or unemancipated children, in a firm or entity with respect to which the TSC proposes to enter into a grant, contract or other transaction; or (ii) a "Position", as defined under Section 2601(18) of the New York City Charter, held by the Covered Person in a firm or entity with respect to which the TSC proposes to enter into a grant, contract or other transaction.

2. In addition to the foregoing, no Covered Person shall take any action with respect to any grant, contract or other transaction of the TSC, which would or is likely to result in direct economic gain to the Covered Person or to a firm or entity in which such Covered Person has an interest.

For the purposes of this section, an "interest" shall mean: (i) an "Ownership interest" as defined under Section 2601(16) of the New York City Charter and its implementing regulations, held by the Covered Person or such Covered Person's spouse, domestic partner or unemancipated children, in a firm or entity doing business with a proposed or current TSC grantee or contractor or with respect to which a proposed TSC grantee or contractor intends to do business with the use of TSC funds ; or (ii) a "Position", as defined under Section 2601(18) of the New York City Charter, held by the Covered Person in a firm or entity doing business with a proposed or current TSC grantee or contractor or with respect to which a proposed TSC grantee or contractor intends to do business with the use of TSC funds.

3. Employment with or provision of services to the City of New York shall not constitute an interest within the meaning of this policy.

4. In the event a Covered Person becomes aware of any potential conflict of interest, such Covered Person shall make disclosure forthwith to the Chair of the nature and extent of his or her potential conflict. Disclosure shall be entered in writing upon the minutes of the Board of Directors.

5. If timely disclosure is made, the Board of Directors may determine whether the TSC can obtain a more advantageous transaction with reasonable efforts in a manner that would not give rise to a conflict of interest. If a more advantageous arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board may find that it is in the TSC's best interest, and that it is fair and reasonable for the TSC to enter into the transaction. Such authorization shall be made by concurring vote of at least two-thirds the whole number of uninterested directors, and shall include appropriate measures to address the conflict, including but not limited to recusal by the affected Covered Person with respect to all activities of the TSC relating to the transaction.

6. If a Covered Person fails to make disclosure when he or she knew or should have known of the potential Conflict of Interest, the Board of Directors shall: (i) in the case of a director, make recommendations to the appointing person for appropriate action; (ii) in the case of an officer who is not also a director, take such action as it deems appropriate, including, if warranted, removal.