

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
FOR THE YEAR ENDED MAY 31, 2008**

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INDEPENDENT AUDITORS' REPORT

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To the Board of Directors
Theater Subdistrict Council Local Development Corporation

I have audited the accompanying statements of financial position of Theater Subdistrict Council Local Development Corporation as of May 31, 2008, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Theater Subdistrict Council Local Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Theater Subdistrict Council Local Development Corporation as of May 31, 2008, and its cash flows and changes in net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANT

January 8, 2009

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Government contributions	\$ -	\$ 3,167,719	\$ 3,167,719
Interest income	58,411	-	58,411
Total revenue	58,411	3,167,719	3,226,130
Net assets released from restriction	25,654	(25,654)	-
Net revenues	84,065	3,142,065	3,226,130
Expenses:			
Filing fees	1,000	-	1,000
Bank charges	1,103	-	1,103
Total expenses	2,103	-	2,103
Changes in net assets	81,962	3,142,065	3,224,027
Net assets -beginning	-	1,727,357	1,727,357
NET ASSETS-ENDING	<u>\$ 81,962</u>	<u>\$ 4,869,422</u>	<u>\$ 4,951,384</u>

See accompanying notes to the financial statements.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2008

Operating activities:	
Increase in net assets	<u>\$ 3,224,027</u>
Net increase in cash	3,224,027
Cash - beginning	<u>1,727,357</u>
CASH - ENDING	<u><u>\$ 4,951,384</u></u>

See accompanying notes to the financial statements.

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
May 31, 2008

NOTE 1-NATURE OF OPERATIONS

Theater Subdistrict Council Local Development Corporation (TSC), is a not-for-profit, formed under New York Not-For-Profit Corporation Law. The corporation was established pursuant to the Theater Subdistrict regulations of the New York City Zoning Resolution.

TSC was formed for the purpose of promoting theatre and theatre-related uses, and preserving the New York City Theater Subdistrict and the welfare of the Theatre Subdistrict. The Theater Subdistrict is a designated area in New York City that includes several Broadway theatres.

The corporation derives its funding from government support.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Theater Subdistrict Council Local development Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and payables.

Basis of Presentation

Financial statement follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organization". Under SFAS No. 117, TSC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Income Taxes

Theater Subdistrict Council Local Development Corporation is exempt from Federal income tax as an organization described in Section 501(C)(3) of the Internal Revenue Code. TSC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

Revenues

Under the Zoning Resolution when unused development rights of a Broadway theatre are transferred, the parties to the transaction must make a payment that is deposited in the Theater Subdistrict Fund established by the corporation. Revenue is recognized when payments are received..

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2008

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(CONTINUED)

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets depending on the existence and/or nature of any restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

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. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

NOTE 3-ECROW AGENT

During part of the year under audit the NYC Law Department served as escrow agent for the receipt of funds on behalf of the Theater Subdistrict Council Local Development Corporation.

NOTE 4-CONCENTRATION OF CREDIT RISK

TSC maintains bank accounts in one financial institution in New York City. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. TSC's uninsured bank balance at May 31, 2008 total approximately \$4,700,000.

NOTE 5-CONTINGENCIES

TSC is required to maintain 20% of its revenue for inspection and maintenance reporting.