

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT  
CORPORATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED MAY 31, 2010**

**BARRY POPICK, CPA**

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION  
FOR THE YEAR ENDED MAY 31, 2010**

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## INDEPENDENT AUDITORS' REPORT

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, 2010, 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, 2010, 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

October 5, 2010

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF FINANCIAL POSITION  
MAY 31, 2010**

**ASSETS**

Cash	<u>\$ 4,625,904</u>
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**LIABILITIES AND NET ASSETS**

Liabilities:	
Accrued expenses	<u>\$ 8,291</u>

Net Assets:	
Temporarily restricted	4,366,978
Unrestricted	<u>250,635</u>

Total net assets	<u>4,617,613</u>
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LIABILITIES AND NET ASSETS	<u>\$ 4,625,904</u>
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**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MAY 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Government contributions	\$ -	\$ -	\$ -
Interest income	23,803	-	23,803
	<hr/>	<hr/>	<hr/>
Total revenue	23,803	-	23,803
Net assets released from restriction	282,686	(282,686)	-
	<hr/>	<hr/>	<hr/>
Net revenues	306,489	(282,686)	23,803
	<hr/>	<hr/>	<hr/>
Expenses:			
Grants	120,000	-	120,000
Consultant	34,750	-	34,750
Administrative expenses	2,240	-	2,240
Professional fees	2,540	-	2,540
	<hr/>	<hr/>	<hr/>
Total expenses	159,530	-	159,530
Changes in net assets	146,959	(282,686)	(135,727)
Net assets -beginning	103,676	4,649,664	4,753,340
	<hr/>	<hr/>	<hr/>
NET ASSETS-ENDING	<u>\$ 250,635</u>	<u>\$ 4,366,978</u>	<u>\$ 4,617,613</u>

See accompanying notes to the financial statements.

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31, 2010**

Operating activities:	
Increase in net assets	\$ (135,727)
Accounts payable	<u>4,291</u>
Cash provided by operating activities	(131,436)
Cash - beginning	<u>4,757,340</u>
CASH - ENDING	<u><u>\$ 4,625,904</u></u>

See accompanying notes to the financial statements.

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2010**

**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**

Theater Subdistrict Council Local Development Corporation 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.

TSC's net assets consists of unrestricted net assets, which are not restricted by donors or by law and temporary restricted net assets, whose use has been restricted by donor imposed time and/or purpose restrictions.

**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, 2010

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.

Investments

The corporation is only permitted to invest in Federal discount notes, US Treasury bills, US Treasury notes and other Guaranteed Federal Government Securities.

NOTE 3-GRANTS

TSC has authorized an additional \$212,761 to be paid to grantees contingent upon the recipients completing the grant services and satisfying all grant requirements .

NOTE 4-FUNCTIONAL EXPENSES

Expenses by function for the year ended May 31, 2010 were as follows:

Program services	\$162,686
Management and general	<u>4,780</u>
Total expenses	<u>\$167,466</u>

NOTE 6-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, 2010 total approximately \$4,387,000.

NOTE 5-CONTINGENCIES

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