

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

MINUTES OF THE MEETING OF THE DIRECTORS

The meeting of the Directors of the Theater Subdistrict Council Local Development Corporation ("TSC") was held at 10:12 AM on September 24, 2014 at 31 Chambers Street, New York, New York, 10007.

The following Directors were present:

Tom Finkelparl, Alternate for Mayor Bill de Blasio
Carl Weisbrod, Director of Department of City Planning
Aldrin Bonilla, Alternate for Manhattan Borough President Gale Brewer
Danielle Porcaro, Alternate for New York City Council Speaker Melissa Mark-Viverito
Ben Cameron, Mayor's Appointee
Paige Price, Speaker's Designee
Jed Bernstein, Mayor's Appointee
George C. Wolfe, Mayor's Appointee

A quorum of the Board of Directors was present.

Alternate Director Letters were received and are attached hereto as Exhibit A.

Notice of this meeting was given to all Directors in accordance with the by-laws. Public notice of this meeting was posted in accordance with the Open Meetings Law, and was given to Manhattan Community Boards 4 and 5 in accordance with the by-laws.

The alternate for the Mayor, Department of Cultural Affairs Commissioner Tom Finkelparl, presided as Chairperson.

Upon motion made and seconded, the Department of Cultural Affairs' General Counsel was elected Chief Executive Officer of the TSC.

It was noted that the minutes of the December 18, 2013 Meeting of the Directors were provided to all Directors prior to the meeting. Upon motion made and seconded, the minutes were adopted.

Discussion began on the TSC's financial statements for the fiscal year ending May 31, 2014, attached hereto as Exhibit B. The TSC's auditor expressed her opinion that the TSC's finances were functioning soundly and reviewed the draft financial statements. Upon motion made and seconded, resolutions were adopted approving the financial statements for the fiscal year ending in May 31, 2014, and directing the Chief Financial Officer to file these, as necessary to comply with local, state, and federal laws.

The meeting of Directors was temporarily adjourned at 10:28 AM.

Return to the meeting of Directors at 10:34 AM.

Upon motion made and seconded, the TSC's procurement and investment guidelines, attached hereto as Exhibit C, were readopted.

The Annual Report for fiscal year ending May 31, 2014, attached hereto as Exhibit D, was discussed. Upon motion made and seconded, a resolution adopting the Annual Report and approving it for filing with the necessary state and local government entities.

It was noted that there is one application before the Department of City Planning that, if approved, would add approximately \$350,000 to the TSC's available funds.

Commissioner Finkelppearl led a discussion of potential future areas of focus for the TSC. The Directors also engaged in a broad discussion of how the TSC has approached its mission in the past and which strategies have proven productive. The Directors also proceeded to discuss the challenges faced by the theater industry and considered ways to contribute to solutions.

Jed Bernstein departed at 11:05 AM.

Carl Weisbrod departed at 11:41 AM.

There being no other business before the Directors, the meeting was, upon motion made and carried, adjourned at 11:44 AM.


Aldrin Bonilla
Alternate for Secretary

EXHIBIT A

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

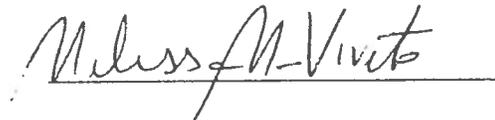
NOTICE OF ALTERNATE DIRECTOR

For Meetings of Directors

I, the undersigned director of the Theater Subdistrict Council Local Development Corporation, may be unable to attend the meetings of the Board of Directors.

Accordingly, this notice is given pursuant to section 703(d) of the Not-for-Profit Corporation Law of the State of New York so that in my absence, my duly elected alternate director, Danielle Porcaro, may be permitted to attend such meetings in my place and exercise thereat all of the rights, powers and privileges as a director.

Dated: 9/12/ _____, 2014



Honorable Melissa Mark-Viverito
Speaker, New York City Council

Please return this Proxy to:
Theater Subdistrict Council
c/o Office of the Counsel
22 Reade Street
New York, NY 10007

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

NOTICE OF ALTERNATE DIRECTOR

For Meetings of Directors

I, the undersigned director of the Theater Subdistrict Council Local Development Corporation, may be unable to attend the meetings of the Board of Directors.

Accordingly, this notice is given pursuant to section 703(d) of the Not-for-Profit Corporation Law of the State of New York so that in my absence, my duly elected alternate director, Tom Finkelppearl, may be permitted to attend such meetings in my place and exercise thereat all of the rights, powers and privileges as a director.

Dated: September 23, 2014

A handwritten signature in cursive script that reads "Bill de Blasio". The signature is written in black ink and is positioned above a horizontal line.

Bill de Blasio
Mayor, City of New York

Please return this Proxy to:
Theater Subdistrict Council
c/o Office of the Counsel
22 Reade Street
New York, NY 10007

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

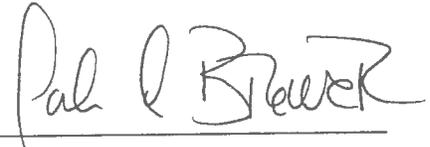
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For Meetings of Directors

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Accordingly, this notice is given pursuant to section 703(d) of the Not-for-Profit Corporation Law of the State of New York so that in my absence, my duly elected alternate director, Aldrin Bonilla, may be permitted to attend such meetings in my place and exercise there at all of the rights, powers and privileges as a director.

Dated: September 12, 2014

A handwritten signature in black ink that reads "Gale A. Brewer". The signature is written in a cursive style and is positioned above a horizontal line.

Honorable Gale A. Brewer
Manhattan Borough President

Please return this Proxy to:
Theater Subdistrict Council
c/o Office of the Counsel
22 Reade Street
New York, NY 10007

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT CORPORATION

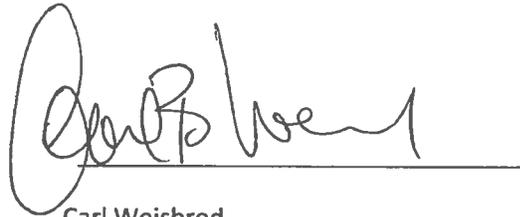
NOTICE OF ALTERNATE DIRECTOR

For Meetings of Directors

I, the undersigned director of the Theater Subdistrict Council Local Development Corporation, may be unable to attend the meetings of the Board of Directors.

Accordingly, this notice is given pursuant to section 703(d) of the Not-for-Profit Corporation Law of the State of New York so that in my absence, my duly elected alternate director, Purnima Kapur, may be permitted to attend such meetings in my place and exercise thereat all of the rights, powers and privileges as a director.

Dated: September 23, 2014

A handwritten signature in black ink, appearing to read 'Carl Weisbrod', is written over a solid horizontal line.

Carl Weisbrod
Director, New York City Department of City
Planning

Please return this Proxy to:
Theater Subdistrict Council
c/o Office of the Counsel
22 Reade Street
New York, NY 10007

EXHIBIT B

Theater Subdistrict Council Local Development Corporation
Statement of Financial Position
May 31, 2014

D
ASSETS

Current Assets

Cash	\$2,952,746
Total Assets	<u>\$2,952,746</u>

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LIABILITIES & NET ASSETS

Current Liabilities

Accrued expenses	\$ 2,750
Total Current Liabilities	<u>2,750</u>

Commitments & Contingencies (Note 4)

Net Assets

Unrestricted	1,951,730
Temporary restricted	<u>998,266</u>
Total Net Assets	<u>2,949,996</u>
Total Liabilities & Net Assets	<u>\$2,952,746</u>

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See notes to financial statements.

Theater Subdistrict Council Local Development Corporation
Statement of Activities
For the Year Ended May 31, 2014

<u>Revenue & Support:</u>	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
Contributions -			
Governmental support	\$1,819,491	\$ -	\$1,819,491
Interest income	2,056	-	2,056
Net assets released from restrictions	<u>713,949</u>	<u>(713,949)</u>	<u>-</u>
 Total Revenue & Support	 <u>2,535,496</u>	 <u>(713,949)</u>	 <u>1,821,547</u>
 <u>Expenses:</u>			
<u>Program Expenses</u>			
Grants	693,929	-	693,929
Consultant	<u>20,020</u>	<u>-</u>	<u>20,020</u>
Total Program Expenses	<u>713,949</u>	<u>-</u>	<u>713,949</u>
<u>Management & General</u>			
Professional fees	4,700	-	4,700
Fees & permits	135	-	135
Board meetings	<u>109</u>	<u>-</u>	<u>109</u>
Total Management & General	<u>4,944</u>	<u>-</u>	<u>4,944</u>
 Total Expenses	 <u>718,893</u>	 <u>-</u>	 <u>718,893</u>
Net increase (decrease) in net assets	1,816,603	(713,949)	1,102,654
Net assets at beginning of year	<u>135,127</u>	<u>1,712,215</u>	<u>1,847,342</u>
Net assets at end of year	<u>\$1,951,730</u>	<u>\$ 998,266</u>	<u>\$2,949,996</u>

See notes to financial statements.

Theater Subdistrict Council Local Development Corporation
Statement of Cash Flows
For the Year Ended May 31, 2014

Cash flows from Operating Activities:

Increase (decrease) in net assets	\$1,102,654
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Increase (Decrease) in:	
Accrued expenses	<u>2,750</u>
Net cash provided (used) by operating activities	<u>1,105,404</u>
Net increase (decrease) in cash	1,105,404
Cash, beginning of year	<u>1,847,342</u>
Cash, end of year	<u>\$2,952,746</u>

See notes to financial statements.

EXHIBIT C

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT
CORPORATION
PROCUREMENT POLICY**

I. METHODS OF SOURCE SELECTION

All contracts of the Theater Subdistrict Council Local Development Corporation ("TSC") shall be awarded by competitive sealed bidding pursuant to Section (D) (Competitive Sealed Bidding), except as may be otherwise authorized or required by federal, New York State or New York City law, rules or regulations, and except as provided in this policy with respect to:

- (A) Small Purchases
- (B) Sole Source Procurement
- (C) Personal and Professional Services
- (D) Competitive Sealed Bidding
- (E) Competitive Sealed Proposals
- (F) Use of Other Governmental Contracts

All decisions, determinations and findings required to be made pursuant to this Procurement Policy shall be made in writing, with appropriate supporting documentation. All contracts awarded pursuant to this Procurement Policy shall require the authorization of TSC's Board of Directors, except for small purchases pursuant to subparagraph A.

A. **Small Purchases.** Notwithstanding anything to the contrary contained in this Article I, procurements for Small Purchases shall be governed only by this Section A.

(1) "Small Purchase" means any procurement the value of which is less than \$20,000. Procurements shall not be artificially divided in order to qualify as Small Purchases.

(2) For Small Purchase the value of which is \$10,000 or less, no competition is required. However, TSC shall use reasonable efforts to determine that the price or fee is reasonable.

(3) For Small Purchase the value of which is greater than \$10,000, TSC shall use reasonable efforts to obtain offers from at least three qualified persons or entities.

(4) Small Purchase contracts awarded pursuant to this Section A shall not require the authorization of TSC's Board of Directors.

B. **Sole Source Procurement.** Notwithstanding anything to the contrary contained in this Article I, contracts for an amount greater than \$10,000 may only be awarded without competition upon specific authorization by TSC's Board of Directors.

C. **Personal and Professional Services.** Personal and professional services shall be procured as provided in this Section C, except as otherwise authorized in this Article I.

(1) TSC shall use reasonable efforts to obtain a minimum of three proposals from qualified persons or entities for each personal or professional services contract. If a minimum of three (3) proposals is not obtained, TSC shall document the reasons therefore.

(2) TSC shall designate a selection committee, which may include staff to members, directors or officer, to review proposals received. The selection committee shall review all responsive proposals from responsible proposers. The selection committee may elect to interview and/or request additional information from some or all of the proposers in connection with its evaluation of proposals. The selection committee shall rank the proposals based on quality, price, and qualifications to provide the requested services.

(3) TSC shall negotiate with the highest ranked proposer for an agreement for the performance of the requested services on terms satisfactory to TSC. If, despite good faith efforts, TSC is unable to reach a satisfactory agreement with the highest ranked proposer, it shall terminate such negotiations and enter into negotiations with the second-ranked proposer, and so on until an agreement is reached, provided that TSC may elect, at any time, to withdraw the procurement.

D. **Competitive Sealed Bidding.** Contracts for an amount greater than the Small Purchase limit shall be awarded by competitive sealed bidding, except as otherwise provided in this Article I.

(1) **Invitation for Bids.** An Invitation for Bids shall be issued and shall include a purchase description, and all contractual terms and conditions applicable to the procurement.

(2) **Public Notice.** Public notice of the Invitation for Bids shall be given by publication in the City Record a reasonable time prior to the date set forth therein for the opening of bids. TSC may also publish such notice in other media.

(3) **Bid Opening.** Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the Invitation for Bids. The amount of each bid, the name of each bidder and the bid security, if any, shall be recorded. The record and each bid shall be open to public inspection.

(4) **Bid Acceptance and Bid Evaluation.** Bids may only be unconditionally accepted without alteration or correction on the part of the bidder except

as authorized in this Section. Bids shall be evaluated based on the requirements set forth in the Invitation for Bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery and suitability for a particular purpose. Any criteria that would affect the bid price and be considered in evaluation for award must be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. The Invitation for Bids shall set forth the evaluation criteria to be used.

(5) **Correction or Withdrawal of Bids. Cancellation of Awards.**

Correction or withdrawal of inadvertently erroneous bids shall be permitted in instances in which the Chief Executive Officer finds that it is in TSC's interest to do so. After bid opening, no changes in bid prices or other changes prejudicial to the interest of TSC or fair competition shall be permitted.

(6) **Award.** The contract shall be awarded to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the Invitation for Bids. Notwithstanding the foregoing, any or all bids may be rejected when TSC reasonably deems it is in TSC's best interest to do so.

E. **Competitive Sealed Proposals**

(1) **Conditions for Use.** Contracts for an amount greater than the Small Purchase limit may be awarded by competitive sealed proposals only upon a determination by the Chief Executive Officer that it is not practicable or advantageous to use competitive sealed bidding. Grounds for such determination shall include, without limitation, that:

- (a) specifications cannot be made sufficiently definite and certain to permit selection based on bid price or evaluated bid price alone; and/or
- (b) judgment is required in evaluating proposals; and/or
- (c) evaluation of proposals requires a balancing of price, quality, and other factors.

(2) **Request for Proposals.** Proposals shall be solicited through a Request for Proposals.

(3) **Public Notice.** Public notice of the Request for Proposals shall be given by publication in the City Record a reasonable time prior to the date set forth therein for the submission of proposals. TSC may also publish such notice in other media.

(4) **Receipt of Proposals.** Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the process of negotiation. A Register of Proposals shall be prepared and shall be open for public inspection after contract award.

(5) **Evaluation Factors.** Proposals shall be evaluated on the basis of the quality of the proposals, based on the relative importance of such criteria as capacity to execute the proposal; relevant expertise or experience, and price or cost.

(6) **Discussion with Responsible Offerors and Revisions to Proposals.** Discussions may be conducted with responsible offerors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors.

(7) **Award.** Award shall be made to the responsible offeror whose proposal is determined to be the most advantageous to TSC in accordance with subparagraph (5) above.

F. **Use of Other Governmental Contracts**

Notwithstanding any other provision of this Article I, if there is a Federal, New York State, New York City, or New York City Economic Development Corporation contract for goods or services that permits TSC to utilize such contract or to obtain goods and services from the contractor under such contract on terms substantially equal to those under such contract, TSC may utilize such contract or obtain goods and services from such contractor on terms substantially equal to those under such contract without using any other procurement method described in this Article I.

II. **VENDOR RESPONSIBILITY**

A. **Section 2-08 of New York City Procurement Policy Board Rules.** In making vendor responsibility determinations, the TSC shall be guided by the standards and procedures set forth in the Vendor Responsibility rules set forth in Section 2-08 of the New York City Procurement Policy Board Rules (the "PPB Rules").

B. **Additional Responsibility Determinations.** All contract awards for an amount above \$20,000, if not otherwise covered by Section 2-08 of the PPB Rules, shall be subject to internal vendor responsibility determination procedures of TSC.

**THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT
CORPORATION
INVESTMENT GUIDELINES**

1. Scope. These investment guidelines (“Guidelines”) set forth policies and procedures relating to the investment of funds (“Funds”) of the Theater Subdistrict Council Local Development Corporation (“TSC”), and the monitoring and reporting thereof. For purposes of these Guidelines, Funds shall mean all monies and other financial resources available for investment by TSC on its own behalf or on behalf of any other entity or individual. All such monies shall be invested at all times to the fullest extent practicable, and otherwise in accordance with the requirements and restrictions set forth in these Guidelines.

2. Review and Amendment. These Guidelines shall be reviewed and approved by the Board of Directors annually and may be amended by the Board of Directors from time to time.

3. Permitted Investments. Funds may only be invested in the following types of investments:

- Federal discount notes
- US Treasury bills
- US Treasury notes
- Other Guaranteed Federal Government Securities

4. Annual Reporting. On an annual basis, TSC shall prepare an investment report. Such report shall include:

- (a) A statement of TSC’s then current Guidelines;
- (b) The investment income record of TSC for the fiscal year; and
- (c) A summary of new investments made and fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to TSC since the last report.

TSC’s investment report shall be submitted to its Board of Directors for review and to other such persons and agencies as required by law.

EXHIBIT D

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION**

**Annual Report
Fiscal Year 6/1/2013 - 5/31/2014**

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal Year End Date: 5/31/2014**

Operations and Accomplishments

On April 1, 2013, the TSC held a meeting of directors. Proposed guidelines for the 4th round of grants were distributed. The directors discussed the process and criteria for awarding the 4th round of grants, including input which was received from non-Board member experts. The Board discussed a proposed framework for the 4th round of grants.

On August 20, 2013, the TSC held a meeting of directors. The Directors considered nine Letters of Intent at the meeting for the 4th round of grants and invited five of these nine to submit full grant applications.

On December 18, 2013, the TSC held a meeting of directors. Grants in the amount of \$500,000 were awarded to two organizations.

Project Summary

The TSC previously awarded thirty-five grants totaling approximately \$4.7 million in three rounds. In a fourth round, two grants were awarded totaling approximately \$1.0 million. These 37 grants were designed to foster the creation of new theatrical work and audience development.

Those organizations which received grants in the fourth round of grant awards were:

- New York Shakespeare Festival dba The Public Theater
- Pregones Touring Puerto Rican Theatre Collection, Inc. dba Pregones Theater

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal Year End Date: 5/31/2014**

Board Member Summary

Name	Position
Bill de Blasio	Chairperson, Mayor of the City of New York
Melissa Mark-Viverito	Vice Chair, Speaker of the New York City Council
Gale Brewer	Secretary, Manhattan Borough President
Carl Weisbrod	Treasurer, Director of NYC Dept. of City Planning
Jed Bernstein	Mayor's Appointee
Ben Cameron	Mayor's Appointee
George C. Wolfe	Mayor's Appointee
Paige Price	Speaker's Designee

Employee Summary

The TSC has no employees.

Compensation Schedule

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

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal Year End Date: 5/31/2014**

Schedule of Debt

The TSC has no outstanding debts.

Real and Personal Property Transactions Summary

The TSC has no real or personal property. No real or personal property was disposed during the fiscal year.

Procurement Summary

Number of Current Contracts	1
Total Value of Contracts	\$50,000

Investment Report

The TSC does not maintain any investments.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Theater Subdistrict Council Local Development Corporation

We have audited the accompanying financial statements of Theater Subdistrict Council Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of May 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our 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, 2014, 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.

August , 2014

Theater Subdistrict Council Local Development Corporation
Statement of Financial Position
May 31, 2014

ASSETS

Current Assets

Cash	D	<u>\$2,952,746</u>
Total Assets		<u>\$2,952,746</u>

LIABILITIES & NET ASSETS

Current Liabilities

Accrued expenses	R	<u>\$ 2,750</u>
Total Current Liabilities		<u>2,750</u>

Commitments & Contingencies (Note 4)

Net Assets

Unrestricted	A	1,951,730
Temporary restricted		<u>998,266</u>
Total Net Assets		<u>2,949,996</u>
Total Liabilities & Net Assets	F	<u>\$2,952,746</u>

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See notes to financial statements.

Theater Subdistrict Council Local Development Corporation
Statement of Activities
For the Year Ended May 31, 2014

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
<u>Revenue & Support:</u>			
Contributions -			
Governmental support	\$1,819,491	\$ -	\$1,819,491
Interest income	2,056	-	2,056
Net assets released from restrictions	<u>713,949</u>	<u>(713,949)</u>	<u>-</u>
 Total Revenue & Support	<u>2,535,496</u>	<u>(713,949)</u>	<u>1,821,547</u>
<u>Expenses:</u>			
<u>Program Expenses</u>			
Grants	693,929	-	693,929
Consultant	<u>20,020</u>	<u>-</u>	<u>20,020</u>
 Total Program Expenses	<u>713,949</u>	<u>-</u>	<u>713,949</u>
<u>Management & General</u>			
Professional fees	4,700	-	4,700
Fees & permits	135	-	135
Board meetings	<u>109</u>	<u>-</u>	<u>109</u>
 Total Management & General	<u>4,944</u>	<u>-</u>	<u>4,944</u>
 Total Expenses	<u>718,893</u>	<u>-</u>	<u>718,893</u>
Net increase (decrease) in net assets	1,816,603	(713,949)	1,102,654
Net assets at beginning of year	<u>135,127</u>	<u>1,712,215</u>	<u>1,847,342</u>
 Net assets at end of year	<u>\$1,951,730</u>	<u>\$ 998,266</u>	<u>\$2,949,996</u>

See notes to financial statements.

Theater Subdistrict Council Local Development Corporation
Statement of Cash Flows
For the Year Ended May 31, 2014

Cash flows from Operating Activities:

Increase (decrease) in net assets		\$ 1,102,654
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in:		
Accrued expenses		<u>2,750</u>
Net cash provided (used) by operating activities		<u>1,105,404</u>
Net increase (decrease) in cash		1,105,404
Cash, beginning of year		<u>1,847,342</u>
Cash, end of year		<u>\$2,952,746</u>

See notes to financial statements.

Theater Subdistrict Council Local Development Corporation
Notes to Financial Statements
May 31, 2014

Note 1. Nature of Operations

Theater Subdistrict Council Local Development Corporations (TSC), is a not-for-profit corporation, formed under New York Not-For-Profit Corporation Law. The corporation was established pursuant to the Theater Subdistrict regulations of a 1998 New York City Zoning Resolution.

TSC was formed for the purpose of promoting theater and theater-related use and preserving and promoting the welfare of the New York City Theater Subdistrict. The Theater Subdistrict is a designated area in New York City that includes several Broadway theaters.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Theater Subdistrict Council Local Development Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized as earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Financial Statement 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, based upon the existence or absence of donor imposed restrictions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor 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.

Theater Subdistrict Council Local Development Corporation
Notes to Financial Statements
May 31, 2014

Note 2. Summary of Significant Accounting Policies (continued)

Uncertainty in Income Taxes

Management has considered the tax positions taken in its tax returns and believes that all of the positions taken by TSC in its federal and state exempt organization tax returns are more likely-than-not to be sustained upon examination. TSC's federal returns for the years ended May 31, 2014, 2013 and 2012 could be subject to examination by federal taxing authorities, generally three years after they are filed.

Revenues

Under the Zoning resolution when unused developments rights of a Broadway theater 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 as governmental support.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Governmental grant awards are classified as refundable advances until expended for the purpose of the grants. At May 31, 2014 there were \$348,266 in temporary restricted net assets, and no permanently restricted net assets.

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 those estimates.

Investments

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

Theater Subdistrict Council Local Development Corporation
Notes to Financial Statements
May 31, 2014

Note 3. 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 balances at May 31, 2014 totaled approximately \$2,702,746. Management does not believe it is exposed to any significant credit risk on cash.

Note 4. Commitments and Contingencies

TSC is required to maintain \$75,000 of its net assets for inspection and maintenance reporting and the amount is included in the temporary restricted net assets on the statement of financial position.

TSC entered into grant agreements with theater organizations to provide funding for theater related promotions and preservation. Initial payments were made during the year. Remaining payments as of May 31, 2014 will be paid upon fulfillment of the grant services as follows:

Grants payable in 2015	\$375,000
Grants payable in 2016	<u>275,000</u>
Total	<u>\$650,000</u>

Note 5. Fair Value of Financial Investments

Unless otherwise indicated, the fair value of all reported assets and liabilities that are financial investments approximate the carrying value of such amounts.

Note 6. Subsequent Events

Management has evaluated subsequent events through July 15, 2014, the date on which the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets. Subsequent events after that date have not been evaluated.

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal Year End Date: 5/31/2014**

Code of Ethics

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.

**THEATER SUBDISTRICT COUNCIL
LOCAL DEVELOPMENT CORPORATION
Annual Report
Fiscal Year End Date: 5/31/2014**

Assessment of the Internal Control Structure

The TSC management documented and assessed the internal control structure and procedures of the Theater Subdistrict Council, LDC (“TSC”) for the year ending 5/31/2013. The assessment found the TSC’s internal control structure to be adequate, and determined that no corrective actions were necessary.

Management continually reviews and updates the TSC’s internal control policies and procedures, which enables it to effectively document the system(s) of internal controls presently in place. Reviews and updates to these policies are performed either as a result of an annual policy review, a problem experienced, or in an effort to adopt best practices. During the fiscal year for the year ending 5/31/2013, the following policies and guidelines were reviewed:

- Procurement Policy
- Investment Guidelines
- Mission Statement
- Performance Measures

Additionally, in performing the annual audit of financial statements, the TSC’s independent auditor considered the TSC’s internal control over financial reporting in planning and performing their audit. Although this internal control consideration was for a limited purpose, no significant deficiencies or material weaknesses were identified.

The above practices, in conjunction with those measures identified in the internal audit, serve to provide the TSC with an effective control structure.

Conflicts of Interest Policy

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.