

**CONEY ISLAND DEVELOPMENT CORPORATION
110 WILLIAM STREET
NEW YORK, NY 10038**

**FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

BALLO & CO.

CONEY ISLAND DEVELOPMENT CORPORATION

| | <u>Page</u> |
|-------------------------------------|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements and Schedules: | |
| Statement of Financial Position | 2 |
| Statement of Activities | 3 |
| Statement of Cash Flows | 4 |
| Schedule of Functional Expenses | 5 |
| Notes to Financial Statements | 6-8 |

Ballo & Co.
67 Hudson Street
New York, NY 10013

Telephone: (212) 406-1640
Fax: (212) 267-4772

Independent Auditors' Report

To the Board of Directors of Coney Island Development Corporation

We have audited the accompanying statement of financial position of Coney Island Development Corporation as of June 30, 2008 and the related statements of activities and of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coney Island Development Corporation as of June 30, 2008 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements referred to above taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



Ballo & Co.

New York, NY
September 22, 2008

CONEY ISLAND DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

| ASSETS | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| Current assets | | |
| Cash in bank (Note 3) | \$ 325,157 | \$ 277,108 |
| Grants receivable (Note 4) | 28,273 | - |
| Prepayments (Note 5) | <u>1,721</u> | <u>1,361</u> |
| Total Current Assets | <u>355,151</u> | <u>278,469</u> |
| | | |
| Total Assets | <u>\$ 355,151</u> | <u>\$ 278,469</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued expenses (Note 6) | \$ <u>71,945</u> | \$ <u>58,216</u> |
| | | |
| Total Liabilities | 71,945 | 58,216 |
| | | |
| Net assets | | |
| Unrestricted | - | - |
| Temporarily restricted (Note 7) | 283,206 | 220,253 |
| Permanently restricted | <u>-</u> | <u>-</u> |
| | | |
| Total Net Assets | <u>283,206</u> | <u>220,253</u> |
| | | |
| Total Liabilities and Net Assets | <u>\$ 355,151</u> | <u>\$ 278,469</u> |

See Notes to Financial Statements

CONEY ISLAND DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2008 Total</u> | <u>2007 Total</u> |
|--------------------------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| Revenues and other support | | | | | |
| Local development corporation grants | \$ | \$ | \$ | \$ | \$ |
| Commercial revitalization program | 54,000 | 400,000 | - | 400,000 | 393,000 |
| | | | | 54,000 | |
| Net assets release from restrictions | | | | | |
| Program restrictions satisfied | <u>337,047</u> | <u>(337,047)</u> | - | - | - |
| Total Revenues and Support | 391,047 | 62,953 | - | 454,000 | 393,000 |
| Expenses | | | | | |
| Program services | | | | | |
| Re-development of | | | | | |
| Coney Island community | 329,245 | | | 329,245 | |
| Commercial revitalization program | <u>54,000</u> | | | <u>54,000</u> | 166,408 |
| Total Program Expenses | 383,245 | - | - | 383,245 | 166,408 |
| Management and general | 7,802 | | | 7,802 | 6,339 |
| Fund raising | - | | | - | - |
| Total Expenses | <u>391,047</u> | - | - | <u>391,047</u> | <u>172,747</u> |
| Increase (decrease) in net assets | - | 62,953 | - | 62,953 | 220,253 |
| Net assets, beginning | - | <u>220,253</u> | | <u>220,253</u> | - |
| Net assets, ending | <u>\$ -</u> | <u>\$ 283,206</u> | <u>\$ -</u> | <u>\$ 283,206</u> | <u>\$ 220,253</u> |

See Notes to Financial Statements

CONEY ISLAND DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Cash received from grants | \$ 425,727 | \$ 407,500 |
| Cash paid for salaries and fringe benefits | (139,109) | |
| Cash paid to vendors | <u>(238,569)</u> | <u>(134,392)</u> |
| Net cash provided (used) by operating activities | 48,049 | 273,108 |
| Cash flows from investing activities | - | - |
| Cash flows from financing activities | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash | 48,049 | 273,108 |
| Cash, beginning | <u>277,108</u> | <u>4,000</u> |
| Cash, ending | <u>\$ 325,157</u> | <u>\$ 277,108</u> |
| Reconciliation of changes in net assets to net cash provided by operating activities: | | |
| Net increase (decrease) in net assets: | \$ 62,953 | \$ 220,253 |
| (Increase) decrease in grants receivable | (28,273) | 14,500 |
| (Increase) decrease in prepayments | (360) | (1,361) |
| Increase (decrease) in accounts payable & accrued expenses | <u>13,729</u> | <u>39,716</u> |
| Net cash provided by operating activities | <u>\$ 48,049</u> | <u>\$ 273,108</u> |

See Notes to Financial Statements

CONEY ISLAND DEVELOPMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

| | <u>Program Services</u> | | <u>Management and General</u> | <u>Fund Raising</u> | <u>2008 Total</u> | <u>2007 Total</u> |
|------------------------|---|--|---------------------------------------|-------------------------|--------------------------|--------------------------|
| | <u>Re-development of Coney Island Community</u> | <u>Commercial Revitalization Program</u> | | | | |
| Salaries & wages | \$ 105,699 | \$ 14,250 | \$ | \$ | \$ 119,949 | \$ 23,750 |
| Fringe benefits | 36,795 | 6,411 | | | 43,206 | 9,778 |
| Sanitation services | 46,786 | | | | 46,786 | 50,000 |
| Meeting & seminars | 5,669 | | | | 5,669 | 2,383 |
| Consulting expense | | | | | - | 48,125 |
| Audit fee | | | 3,000 | | 3,000 | 3,000 |
| Insurance | | | 4,802 | | 4,802 | 3,304 |
| Marketing & promotions | 126,256 | 30,864 | | | 157,120 | 30,302 |
| Supplies & printing | 4,585 | 2,475 | | | 7,060 | 2,070 |
| Telephone | 1,739 | | | | 1,739 | |
| Travel | 888 | | | | 888 | |
| Dues & subscriptions | 753 | | | | 753 | |
| Filing fees | 75 | | | | 75 | 35 |
| Total | \$ <u>329,245</u> | \$ <u>54,000</u> | \$ <u>7,802</u> | \$ <u>-</u> | \$ <u>391,047</u> | \$ <u>172,747</u> |

See Notes to Financial Statements

CONEY ISLAND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1. Organization and Nature of Business

Coney Island Development Corporation is a non profit organization incorporated under sections 402 and 1411 of the Not for Profit Corporation Law of the State of New York on September 3, 2003. The Corporation is formed for the exclusively charitable or public purposes of relieving and reducing unemployment; promoting and providing for additional and maximum employment; bettering and maintaining job opportunities; carrying on research for the purpose of aiding the Coney Island community of the City of New York by attracting new industry and commerce to this community and by encouraging the development and retention of industry therein; lessening the burdens of government; and acting in the public interest.

The Corporation is a not for profit organization operating under the Internal Revenue Code of 1986, as amended, Section 501 (c) (3) and is, therefore, not subject to Federal State or City income taxes.

Note 2. Summary of Significant Accounting Policies

A. Basis of presentation

Coney Island Development Corporation's financial statements have been prepared on the basis of recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the 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.

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. Unconditional promises to give are recognized as revenues in the period in which the promise amount is received. Conditional promises to give are recognized as revenues upon meeting such conditions.

B. Basis of accounting

The organization uses the accrual method of accounting to account for its revenues and expenses.

C. Concentration of credit and market risk

Financial instruments that potentially expose Coney Island Development Corporation to concentrations of credit and market risk consist primarily of cash in bank. Cash in bank is maintained at a high quality financial institution.

CONEY ISLAND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2008

Note 2. Summary of Significant Accounting Policies (Continued)

D. Use of 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 that affect the reported amounts of assets and liabilities and disclosures of contingent 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

Note 3. Cash in bank

As of June 30, 2008 cash in bank consisted of:

JP Morgan Chase

One Chase Manhattan Plaza, New York, NY 10031

Checking account no. 530-636441

\$ 325,157

The account is non-interest bearing account and there were no outstanding checks for more than 90 days.

Note 4. Grants receivable

Grants receivable consisted of the following:

NYC Small Business Services

\$ 28,273

Note 5. Prepayments

Prepayments consisted of prepaid insurance.

Note 6. Accounts payable and accrued expenses

As of June 30, 2008, accounts payable and accrued expenses consisted of the following:

| <u>Vendor's Name</u> | <u>Account</u> | <u>Payable Amount</u> | <u>Date of Payment</u> | <u>Unliquidated Balance</u> |
|--------------------------|------------------------|---------------------------|----------------------------|---------------------------------|
| NYC EDC | Personnel & otps | \$ 59,189 | 9/17/08 | \$ 0 |
| Yoswein NY, Inc. | Marketing & promotions | 7,500 | 7/10/08 | 0 |
| N. Robinson-Etienne | " | 763 | 7/10/08 | 0 |
| A. Killiebrew Children's | " | 360 | 7/18/08 | 0 |
| Amer. Media Concepts | " | 312 | 7/10/08 | 0 |
| Lynn B. Kelly | Dues & subscriptions | 395 | 7/10/08 | 0 |
| NY Aquarium | Meeting expense | 375 | 7/18/08 | 0 |
| Daniel Mule | Travel | 41 | 7/18/08 | 0 |
| Andrew Mainardi | " | 10 | 7/10/08 | 0 |
| Ballo & Co. | Audit fee FY08 | <u>3,000</u> | | <u>3,000</u> |
| Total | | \$ <u>71,945</u> | | \$ <u>3,000</u> |

CONEY ISLAND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 7. Temporarily Restricted Net Assets

As of June 30, 2008, temporarily restricted net assets consisted of the following:

| <u>Program</u> | <u>Beginning Balance</u> | <u>Additional Receipts</u> | <u>Revenue Recognized</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------------------|-------------------------------|---------------------------|
| Re-development of Coney Island community | \$ <u>220,253</u> | \$ <u>400,000</u> | \$ <u>337,047</u> | \$ <u>283,206</u> |

Note 8. Support and Revenue

The Corporation received funding of up to \$400,000 from NYC Economic Development Corporation for the maintenance and preparation of a strategic plan for the re-development of Coney Island community. For the current year, a total of \$400,000 was received and a total of \$337,047 was expended for the program.

The Corporation received funding of up to \$54,000 from NYC Department of Small Business Services for the commercial revitalization program in the Borough of Brooklyn. For the current year, a total of \$25,727 was received and a total of \$54,000 was expended for the program.

Note 9. Lease Commitment

The Coney Island Development Corporation occupies its office space rent free, located at 110 William Street, New York, NY 10038.

Note 10. Contingent Liability

There are no contingent liabilities as of June 30, 2008.

Note 11. Pension Plan

Employees are covered under the Defined Contribution Pension Plan for New York City Economic Development Corporation after one year of full time employment. Coney Island Development Corporation will contribute for each plan year 6% of the compensation of participants who have completed one year of service, 12% for those who have completed two years of service and 14% for participants who have completed three or more years of service.