

PARTNERSHIP FOR HADDONFIELD, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2008 AND 2007

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Independent Auditor's Report

Board of Trustees
Partnership for Haddonfield, Inc.:

I have audited the accompanying statement of financial position of Partnership for Haddonfield, Inc. (a non-profit organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the 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 Partnership for Haddonfield, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Neal Curry C.P.A.

June 29, 2009

Table of Contents:

	<u>Page</u>
Independent Auditor's Report.....	2
 Partnership for Haddonfield, Inc.:	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and cash equivalents.....	\$	149,305	\$167,577
Prepaid expenses and other.....		<u>1,210</u>	<u>8,493</u>
Total Assets.....	\$	<u>150,515</u>	\$ <u>176,070</u>

LIABILITIES AND NET ASSETS

Liabilities:

Incentive subsidies payable.....	\$	25,123	\$ 88,900
Payroll taxes payable.....		1,521	602
Liability for gift certificates.....		<u>28,666</u>	<u>28,153</u>
Total Liabilities.....		<u>55,310</u>	<u>117,655</u>

Net Assets:

Unrestricted net assets.....		<u>95,205</u>	<u>58,415</u>
Total Net Assets.....		<u>95,205</u>	<u>58,415</u>
Total Liabilities and Net Assets.....	\$	<u>150,515</u>	\$ <u>176,070</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUES:		
Property assessments received.....	\$250,000	\$250,000
Event proceeds.....	44,887	43,368
Directory and website revenues.....	1,525	2,714
Interest income.....	2,588	4,030
Miscellaneous.....	<u>5,030</u>	<u>57</u>
Total support and revenue.....	<u>304,030</u>	<u>300,169</u>
EXPENSES:		
Program services.....	227,752	328,057
General supporting expenses.....	<u>39,488</u>	<u>35,611</u>
Total expenses.....	<u>267,240</u>	<u>363,668</u>
INCREASE (DECREASE) IN UNRESTRICTED NET	36,790	(63,499)
UNRESTRICTED NET ASSETS - beginning.....	<u>58,415</u>	<u>121,914</u>
UNRESTRICTED NET ASSETS - ending.....	<u>\$95,205</u>	<u>\$58,415</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries.....	\$42,864		\$42,864
Payroll taxes.....	4,236		4,236
Marketing.....	128,423		128,423
Administrative services.....		\$25,812	25,812
Professional fees..		2,700	2,700
Insurance.....		2,226	2,226
Travel.....	6,468		6,468
Web page costs.....		413	413
Retailer support...	25,555		25,555
Committee support..	20,206		20,206
Administrative expense.....	_____	<u>8,337</u>	<u>8,337</u>
Total.....	<u>\$227,752</u>	<u>\$39,488</u>	<u>\$267,240</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries.....	\$41,215		\$41,215
Payroll taxes.....	4,125		4,125
Marketing.....	111,878		111,878
Administrative services.....		\$25,000	25,000
Professional fees..	6,667	2,600	9,267
Insurance.....		2,491	2,491
Travel.....	5,361		5,361
Web page costs.....		816	816
Retailer support...	132,791		132,791
Committee support..	26,020		26,020
Administrative expense.....		884	884
Other.....	_____	<u>3,820</u>	<u>3,820</u>
Total.....	<u>\$328,057</u>	<u>\$35,611</u>	<u>\$363,668</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Operating Activities		
Change in net assets.....	\$ 36,790	\$(63,499)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Cancellation of gift certificates.....	(4,985)	0
Incentive subsidy recaptured.....	(4,056)	0
Other assets.....	7,283	(5,454)
Increase (decrease) in:		
Accounts payable and accrued expenses.....	0	(5,400)
Incentive program payables.....	(59,721)	88,900
Other liabilities.....	<u>919</u>	<u>(28)</u>
Total Cash Provided by Operating Activities.....	<u>(23,770)</u>	<u>14,519</u>
Financing Activities		
Gift certificate proceeds.....	55,211	39,832
Gift certificate redemptions.....	<u>(49,713)</u>	<u>(36,397)</u>
Total Cash Provided by Financing Activities.....	<u>5,498</u>	<u>3,435</u>
Net increase (decrease) in cash and cash equivalents.....	(18,272)	17,954
Cash and cash equivalents- beginning.....	<u>167,577</u>	<u>149,623</u>
Cash and cash equivalents- end of year.....	\$ <u>149,305</u>	\$ <u>167,577</u>
Supplemental information:		
Interest paid.....	\$ <u>0</u>	\$ <u>0</u>
Income taxes paid.....	\$ <u>0</u>	\$ <u>0</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Partnership for Haddonfield, Inc. (PfH) is a nonprofit corporation incorporated under the laws of the State of New Jersey in March, 2004. Also referred to as The District Management Corporation, PfH was established to assist the Borough of Haddonfield, New Jersey in promoting economic growth and employment within a Business Improvement District designated by the Borough. PfH also provides administrative and other services to benefit the businesses, employees, residents, and consumers in the District. Operations for PfH began on June 1, 2004. PfH receives the proceeds of a property tax assessment from the Borough of Haddonfield and generates revenues from other activities designed to promote the business district. Eighty seven (87) percent of total support and revenue is from the assessment proceeds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of PfH have been prepared on the accrual basis.

Basis of Presentation

Financial statement presentation 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 Organizations". Under SFAS No. 117, the organization 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.

At December 31, 2008 and 2007, PfH had no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

PfH has been classified by the Internal Revenue Service as a tax-exempt organization under Section 501(C)(6) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a).

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash is defined as unrestricted balances on deposits with commercial banks.

Donated Services

PfH receives significant services from various individuals in the management and operation of the organization. The value of the volunteers' services has not been included in revenues and expenses because they did not meet the criteria for recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made".

2. INCENTIVE SUBSIDIES

PfH maintains a Retail Incentive Program and a Fine Dining Incentive Program under which a business locating in the district can receive rent and tenant fit-out subsidies to defray relocation and start-up costs of operations. The maximum rent subsidies are \$25,000 for restaurants and \$10,000 for retail establishments. Tenant fit-out assistance is capped at \$50,000 for restaurants and \$25,000 for retail stores. The grants are payable over a two-year period.

The balance to be paid in the next two years is:

<u>Year</u>	<u>Amount</u>
2009	<u>25,123</u>
	<u>\$25,123</u>

3. RELATED PARTIES

The Borough of Haddonfield created the Business Improvement District by enacting an ordinance which also designated Partnership for Haddonfield, Inc. as the entity to receive funds collected by a special tax assessment. The Borough Commissioners appoint the Board of Trustees and Chairperson and have approval authority over the PfH operating budget.

The operating budget of PfH is funded by the Borough of Haddonfield through the collection of a property tax assessment levied on properties within the business improvement district. The Borough collects the taxes and pays them to PfH. During the years ended December 31, 2008 and 2007, the Borough collected \$250,000 each year and paid that amount to PfH.

A firm in which the Treasurer has an ownership interest provides accounting and bookkeeping services to the Partnership.

4. SUBSEQUENT EVENTS

The authorizing legislation which created the Business Improvement District and designated Partnership for Haddonfield, Inc. as the district management corporation contained an expiration clause which would have repealed the ordinance effective December 31, 2008. The ordinance has been amended and the sunset clause has been eliminated, allowing the continuing operation of PfH without time limitation.

A recipient of a tenant incentive subsidy ceased operations in April, 2009 and will forfeit the final \$12,500 in its supporting grant.

Concluded