

PARTNERSHIP FOR HADDONFIELD, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2005 AND 2004

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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, 2005 and 2004, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2005 and the period from inception, March 12, 2004 to December 31, 2004. 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, 2005 and 2004, and the changes in its net assets and its cash flows for the year ended December 31, 2005 and the period from inception, March 12, 2004 to December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

June 28, 2006

INC.

PARTNERSHIP FOR HADDONFIELD,

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005 AND 2004

	<u>ASSETS</u>	
	<u>2005</u>	<u>2004</u>
Cash and cash equivalents.....	\$ 112,533	\$ 90,281
Accounts receivable.....	2,900	0
Prepaid expenses and other.....	<u>4,289</u>	<u>0</u>
Total Assets.....	\$ <u>119,722</u>	\$ <u>90,281</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued liabilities.....	\$ 8,458	\$ 36,803
Refundable advances.....	0	8,348
Payroll taxes payable.....	254	0
Liability for gift certificates.....	<u>22,134</u>	<u>11,386</u>
Total Liabilities.....	<u>30,846</u>	<u>56,537</u>

Net Assets:

Unrestricted net assets.....	<u>88,876</u>	<u>33,744</u>
Total Net Assets.....	<u>88,876</u>	<u>33,744</u>
Total Liabilities and Net Assets.....	\$ <u>119,722</u>	\$ <u>90,281</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005 AND
FOR THE PERIOD FROM INCEPTION, MARCH 12, 2004, TO DECEMBER
31, 2004

	<u>2005</u>	<u>2004</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUES:		
Property assessments received.....	\$250,000	
\$125,000		
Event proceeds.....	32,000	
32,000		
Member directory receipts.....	2,000	
4,103		
Interest income.....	189	
23		
Miscellaneous.....	<u>297</u>	
<u>852</u>		
Total support and revenue.....	<u>284,486</u>	
<u>161,978</u>		
EXPENSES:		
Program services.....	195,320	
107,472		
General supporting expenses.....	<u>34,034</u>	
<u>20,762</u>		
Total expenses.....	<u>229,354</u>	
<u>128,234</u>		
INCREASE IN UNRESTRICTED NET ASSETS.....	55,132	
33,744		
UNRESTRICTED NET ASSETS - beginning.....	<u>33,744</u>	
<u>0</u>		

\$33,744 **UNRESTRICTED NET ASSETS** - ending..... \$88,876

See accompanying notes to financial statements.

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**PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries.....	\$40,752		\$40,752
Payroll taxes.....	1,997		1,997
Marketing.....	134,941		134,941
Administrative services.....		\$25,000	25,000
Professional fees..	766	3,000	3,766
Insurance.....		228	228
Travel.....	5,420		5,420
Web page costs.....		2,189	2,189

Retailer support...	10,371		10,371
Committee support..	1,073		1,073
Administrative expense.....		787	787
Other.....	<u> </u>	<u>2,830</u>	<u>2,830</u>
Total.....	<u>\$195,320</u>	<u>\$34,034</u>	<u>\$229,354</u>

See accompanying notes to financial statements.

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**PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD FROM INCEPTION, MARCH 12, 2004 TO DECEMBER
31, 2004**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries.....	\$20,804		\$20,804
Marketing.....	78,485		78,485
Administrative services.....		\$9,333	9,333
Professional fees..	2,462	5,046	7,508
Travel.....	2,564		2,564
Meetings.....	2,616		2,616

Web page costs.....		5,170	5,170
Retailer support...	541		541
Administrative expense.....		598	598
Other.....	_____	<u>615</u>	<u>615</u>
Total.....	\$ <u>107,472</u>	\$ <u>20,762</u>	\$ <u>128,234</u>

See accompanying notes to financial statements.

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**PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND
FOR THE PERIOD FROM INCEPTION, MARCH 12, 2004, TO DECEMBER
31, 2004**

<u>2004</u>	<u>2005</u>
Operating Activities	
Change in net assets.....	\$ 55,132
33,744	\$
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable.....	(2,900)
0	
Other assets.....	(4,289)
0	
Increase (decrease) in:	
Accounts payable and accrued expenses.....	(28,345)

36,803			
<u>0</u>	Other liabilities.....	<u>254</u>	
	Total Cash Provided by Operating Activities.....	<u>19,852</u>	
<u>70,547</u>			
	Financing Activities		
	Gift certificate proceeds.....	42,261	
25,118	Gift certificate redemptions.....	(31,513)	
(13,732)	Operating advances.....	0	
15,093	Repayment of advances.....	(<u>8,348</u>)	
(<u>6,745</u>)			
	Total Cash Provided by Financing Activities.....	<u>2,400</u>	
<u>19,734</u>			
	Net increase in cash and cash equivalents.....	22,252	
90,281			
	Cash and cash equivalents- beginning.....	<u>90,281</u>	
<u>0</u>			
	Cash and cash equivalents- end of year.....	\$ <u>112,533</u>	\$
<u>90,281</u>			

Supplemental information:

<u>0</u>	Interest paid.....	\$ <u>0</u>	\$
<u>0</u>	Income taxes paid.....	\$ <u>0</u>	\$

See accompanying notes to financial statements.

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**PARTNERSHIP FOR HADDONFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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. Seventy seven (77) 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, 2005 and 2004, 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 not completed the process of receiving a determination from the Internal Revenue Service of its status as a tax-exempt organization. These statements have been prepared

using the assumption that tax exempt status will be granted and, therefore, no provision for federal or state income taxes has been included in the financial statements.

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. 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 year ended December 31, 2005, \$250,000 was collected and paid to PfH. During the year ended December 31, 2004, \$125,000 was collected and paid to PfH.

Concluded