

PARTNERSHIP FOR HADDONFIELD, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2010 AND 2009

NEAL CURRY

CERTIFIED PUBLIC ACCOUNTANT
517 WHITE HORSE PIKE
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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, 2010 and 2009, 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, 2010 and 2009, 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, 2011

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and cash equivalents.....	\$ 151,447	\$167,277
Prepaid expenses and other.....	<u>567</u>	<u>1,137</u>
Total Assets.....	\$ <u>152,014</u>	\$ <u>168,414</u>

LIABILITIES AND NET ASSETS

Liabilities:

Incentive subsidies payable.....	\$ 14,761	\$ 0
Payroll taxes payable.....	921	1,706
Liability for gift certificates.....	<u>56,999</u>	<u>43,347</u>
Total Liabilities.....	<u>72,681</u>	<u>45,053</u>

Net Assets:

Unrestricted net assets.....	<u>79,333</u>	<u>123,361</u>
Total Net Assets.....	<u>79,333</u>	<u>123,361</u>
Total Liabilities and Net Assets.....	\$ <u>152,014</u>	\$ <u>168,414</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUES:		
Property assessments received.....	\$250,000	\$250,000
Event proceeds.....	39,335	44,842
Directory and website revenues.....	1,800	1,525
Interest income.....	634	758
Miscellaneous.....	<u>4,000</u>	<u>15,625</u>
Total support and revenue.....	<u>295,769</u>	<u>312,750</u>
 EXPENSES:		
Program services.....	298,772	249,382
General supporting expenses.....	<u>41,025</u>	<u>35,212</u>
Total expenses.....	<u>339,797</u>	<u>284,594</u>
 INCREASE (DECREASE) IN UNRESTRICTED		
NET	(44,028)	28,156
 UNRESTRICTED NET ASSETS - beginning.....		
	<u>123,361</u>	<u>95,205</u>
 UNRESTRICTED NET ASSETS - ending.....		
	\$ <u>79,333</u>	\$ <u>123,361</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries.....	\$44,257		\$44,257
Payroll taxes.....	3,932		3,932
Marketing.....	171,386		171,386
Administrative services.....		\$26,656	26,656
Professional fees..		6,675	6,675
Insurance.....		1,809	1,809
Travel.....	7,021		7,021
Web page costs.....		187	187
Retailer support...	33,064		33,064
Committee support..	14,369		14,369
Information center.	15,028		15,028
Streetscapes.....	9,715		9,715
Adminstrative expense.....		905	905
Other.....	<u> </u>	<u>4,793</u>	<u>4,793</u>
Total.....	<u>\$298,772</u>	<u>\$41,025</u>	<u>\$339,797</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries.....	\$44,867		\$44,867
Payroll taxes.....	4,038		4,038
Marketing.....	141,438		141,438
Administrative services.....		\$26,651	26,651
Professional fees..		2,700	2,700
Insurance.....		894	894
Travel.....	6,318		6,318
Web page costs.....		519	519
Retailer support...	22,458		22,458
Committee support..	17,598		17,598
Information center.	5,647		5,647
Streetscapes.....	7,018		7,018
Administrative expense.....		927	927
Other.....	<u> </u>	<u>3,521</u>	<u>3,521</u>
Total.....	<u>\$249,382</u>	<u>\$35,212</u>	<u>\$284,594</u>

See accompanying notes to financial statements.

PARTNERSHIP FOR HADDONFIELD, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating Activities		
Change in net assets.....	\$(44,028)	\$ 28,156
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Cancellation of gift certificates.....	(4,000)	0
Incentive subsidy granted.....	19,761	0
Incentive subsidy recaptured.....	0	(15,625)
Other assets.....	570	73
Increase (decrease) in:		
Incentive program payables.....	(5,000)	(9,498)
Other liabilities.....	(785)	185
Total Cash Provided by Operating Activities.....	<u>(33,482)</u>	<u>3,291</u>
Financing Activities		
Gift certificate proceeds.....	115,921	83,664
Gift certificate redemptions.....	(98,269)	(68,983)
Total Cash Provided by Financing Activities.....	<u>17,652</u>	<u>14,681</u>
Net increase (decrease) in cash and cash equivalents.....	(15,830)	17,972
Cash and cash equivalents- beginning.....	<u>167,277</u>	<u>149,305</u>
Cash and cash equivalents- end of year.....	\$ <u>151,447</u>	\$ <u>167,277</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, 2010 AND 2009

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. 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 five (85) 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

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, 2010 and 2009, 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.

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, 2010 and 2009, 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

Management has considered subsequent events through June 29, 2011, the date the financial statements were available for distribution.

Concluded

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Income Taxes

PfH has been classified by the Internal Revenue Service as a tax-exempt organization under Section 501(C)(4) 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.

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. Rent subsidies are capped at two months rent. Tenant fit-out assistance is capped at the lesser of 25% of costs or \$20,000 for retail stores. The grants are payable over a two-year period.

One subsidy was granted during 2010 representing 2 months rent, or \$10,000, and \$9,761 fit-out assistance. One payment of \$5,000 was made to the retailer during 2010.

NEAL CURRY

CERTIFIED PUBLIC ACCOUNTANT

517 White Horse Pike
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June 29, 2011

To the Senior Management and
the Board of Trustees of
Partnership for Haddonfield, Inc.:

In planning and performing my audit of the financial statements of Partnership for Haddonfield, Inc. for the period ending December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, I considered the Organization's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

However, during my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated June 29, 2011 on the financial statements of Partnership for Haddonfield, Inc.

I will review these comments during our next audit engagement. I have already discussed many of these comments and suggestions with various Organization personnel, and I would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

PARTNERSHIP FOR HADDONFIELD "CLEARING ACCOUNT"

The Partnership is an intermediary in numerous transactions where it collects and remits funds on behalf of other organizations or entities. For example, the Partnership processes transactions relating to the annual First Night Celebration on behalf of the Haddonfield Cultural Events

Commission. Controls concerning the processing of such funds both at the Partnership and the other organizations would be enhanced if those procedures were modified, minimized, or eliminated and the partnership no longer processed those items.

* * * * *

This report is intended solely for the information and use of management, the board of trustees, and others within the Organization and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,