

**SOUTH BRONX OVERALL ECONOMIC
DEVELOPMENT CORPORATION AND
RELATED ORGANIZATIONS**

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

MARCH 31, 2011

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

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Independent Auditor's Report

Board of Directors South Bronx Overall Economic Development Corporation and Related Organizations

We have audited the accompanying consolidated balance sheet of South Bronx Overall Economic Development Corporation and Related Organizations as of March 31, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of South Bronx Overall Economic Development Corporation and Related Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from South Bronx Overall Economic Development Corporation and Related Organizations' 2010 financial statements and, in our report dated December 15, 2010, we expressed an unqualified opinion on those financial statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Bronx Overall Economic Development Corporation and Related Organizations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of South Bronx Overall Economic Development Corporation and Related Organizations as of March 31, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as whole.

Loeb + Troper LLP

September 7, 2011

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

CONSOLIDATED BALANCE SHEET

MARCH 31, 2011

(With Summarized Financial Information for March 31, 2010)

	2011	2010
ASSETS		(Restated)
Current assets		
Cash	\$ 129,917	\$ 104,942
Cash - tenants' security deposits	54,899	54,757
Accounts receivable	1,157,306	1,254,189
Government contracts receivable	1,326,469	1,791,790
Rents receivable	378,911	342,487
Loans receivable - net (Note 3)	19,005	27,795
Prepaid expenses and other receivables	119,339	94,804
Total current assets	3,185,846	3,670,764
Assets limited as to use (Note 13)	454,277	446,160
Developer fees receivable (Note 14)	935,624	935,624
Fixed assets - net (Note 4)	6,247,822	6,363,816
Financing costs - net	213,462	233,242
Total assets	\$ 11,037,031	\$ 11,649,606

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

CONSOLIDATED BALANCE SHEET

MARCH 31, 2011

(With Summarized Financial Information for March 31, 2010)

	2011	2010
		(Restated)
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,294,711	\$ 1,283,059
Advances from government agencies	241,757	249,046
Loans payable (Note 5)	832,353	871,458
Mortgage notes payable (Note 6)	157,233	151,415
Capital lease payable (Note 7)	105,000	95,000
Deferred income	40,024	65,327
Security deposits	239,714	241,590
Total current liabilities	2,910,792	2,956,895
Long-term liabilities		
Loans payable (Note 5)	1,038,134	1,082,856
Mortgage notes payable (Note 6)	2,412,819	2,569,355
Capital lease payable (Note 7)	2,900,000	3,005,000
Total long-term liabilities	6,350,953	6,657,211
Total liabilities	9,261,745	9,614,106
Net assets (Exhibit B)		
Unrestricted	1,405,591	1,639,084
Temporarily restricted (Note 8)	369,695	396,416
Total net assets	1,775,286	2,035,500
Total liabilities and net assets	\$ 11,037,031	\$ 11,649,606

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

EXHIBIT B

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2011
(With Summarized Financial Information
for the Year Ended March 31, 2010)

	Unrestricted	Temporarily Restricted	Totals
	2011	2010	2010
Revenues and support			
Government contracts and grants	\$ 7,628,294	\$ 7,628,294	\$ 6,950,189
Corporate and foundation grants	81,518	154,018	221,732
Special events income	\$ 280,913	72,500	
Direct costs of special events	<u>(98,841)</u>		
Rental income (Note 10)	182,072	182,072	173,464
Developer fees	2,146,168	2,146,168	2,165,487
Management fees (Note 1)	79,221	79,221	104,495
Contracted services (Note 1)	340,630	340,630	369,198
Interest income	1,010,189	1,010,189	914,620
Other revenue	21,070	21,070	5,010
Net assets released from restrictions (Note 8)	369,474	369,474	155,063
	<u>99,221</u>	<u>(99,221)</u>	
Total revenues and support	11,957,857	11,931,136	11,059,258
Expenses			
Program services			
Youth services	2,995,840	2,995,840	3,706,870
Adult services and testing assessment	2,275,969	2,275,969	2,144,621
Commercial revitalization	95,550	95,550	100,265
Technical assistance programs	657,628	657,628	489,807
Industrial development and job creation programs	330,823	330,823	638,451
Community development	<u>3,343,442</u>	<u>3,343,442</u>	<u>2,070,301</u>
Total program services	9,699,252	9,699,252	9,150,315

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SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

EXHIBIT B
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CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2011
(With Summarized Financial Information
for the Year Ended March 31, 2010)

	Unrestricted	Temporarily Restricted	Totals
	2011	2011	2010
Expenses (continued)			
Supporting services	\$ 2,333,001	\$ 2,333,001	\$ 1,901,280
Management and general	159,097	159,097	150,651
Fund raising	<u>2,492,098</u>	<u>2,492,098</u>	<u>2,051,931</u>
Total supporting services	12,191,350	12,191,350	11,202,246
Total expenses (including interest expense of \$418,186 in 2011 and \$451,256 in 2010)	(233,493)	(26,721)	(142,988)
Change in net assets (Exhibit C)	1,639,084	396,416	2,178,488
Net assets - beginning of year	<u>\$ 1,405,591</u>	<u>\$ 369,695</u>	<u>\$ 2,035,500</u>
Net assets - end of year (Exhibit A)	<u>\$ 1,405,591</u>	<u>\$ 369,695</u>	<u>\$ 2,035,500</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u> (Restated)
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (260,214)	\$ (142,988)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	402,122	411,559
Bad debt loss on loans receivable	7,815	
Decrease (increase) in assets		
Cash - tenants' security deposits	(142)	3,343
Accounts receivable	96,883	451,896
Government contracts receivable	465,321	(62,921)
Rent receivable	(36,424)	218,999
Prepaid expenses and other receivables	(24,535)	12,822
Developer fees receivable		16,382
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	11,652	(390,444)
Advances from government agencies	(7,289)	(63,912)
Deferred income	(25,303)	61,374
Security deposits	(1,876)	12,225
Net cash provided by operating activities	<u>628,010</u>	<u>528,335</u>
Cash flows from investing activities		
Fixed asset acquisitions	(266,348)	(244,281)
Increase (decrease) in limited use assets	(8,117)	12,764
Proceeds from repayment of loans	975	7,114
Net cash used by investing activities	<u>(273,490)</u>	<u>(224,403)</u>
Cash flows from financing activities		
Repayment of mortgage, loans and capital lease	(1,076,396)	(402,110)
Proceeds from loans	746,851	152,231
Net cash used by financing activities	<u>(329,545)</u>	<u>(249,879)</u>
Net increase in cash	24,975	54,053
Cash - beginning of year	104,942	50,889
Cash - end of year	<u>\$ 129,917</u>	<u>\$ 104,942</u>
Supplemental disclosure of cash flows information		
Cash paid during the year for interest	<u>\$ 418,186</u>	<u>\$ 451,256</u>
Capitalized interest accrued on loan	<u>\$ 42,582</u>	<u>\$ 42,231</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 1 - NATURE OF ORGANIZATION

South Bronx Overall Economic Development Corporation (the "Organization", SBOEDC or SoBRO) was formed to transform South Bronx, New York into a center of commerce, industry, government, culture and higher education. Working in conjunction with the government, the private sector and the community, SBOEDC plans, advocates and facilitates major infrastructure investments in the South Bronx; directly develops and manages smaller strategic real estate projects; pursues a variety of initiatives to encourage small business in the South Bronx; and advocates and undertakes projects to provide amenities and cultural programs to make downtown South Bronx more attractive and hospitable.

SBOEDC's primary sources of revenues are government contracts and grants, as well as rental revenues.

SBOEDC is comprised of the following corporations:

<u>Abbreviations</u>	<u>Organization</u>
SBOEDC	South Bronx Overall Economic Development Corporation, the parent corporation, was formed in 1972 to help facilitate revitalization and development of South Bronx and surrounding neighborhoods into a regional subcenter in the New York metropolitan area. SBOEDC is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.
SoBRO-LDC	SoBRO Local Development Corporation was formed by SoBRO to encourage the development, retention and expansion of industry and commerce primarily in the South Bronx community. SBOEDC is the sole member of SoBRO-LDC. SoBRO-LDC is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.
SoBRO-DC	SoBRO Development Corporation was formed by SoBRO to address South Bronx's need for development of local businesses. SoBRO-DC owns and leases properties in the South Bronx that are rented to local businesses. SBOEDC is the sole member of SoBRO-DC. SoBRO-DC is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 1 - NATURE OF ORGANIZATION (continued)

<u>Abbreviations</u>	<u>Organization</u>
CI	CREDIT, Inc. was formed by SoBRO to facilitate capital and financial services for organizations, minorities and female entrepreneurs and other businesses that, due to location in a distressed or low-income community, are not adequately served by mainstream financial institutions, thereby enabling them to succeed and thrive. SBOEDC is the sole member of CI. CI is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

SBOEDC is affiliated with various not-for-profit and for-profit organizations by shared service agreements.

SBOEDC provides management services to affiliated (unrelated) programs for fees. The total management and administrative fees charged to affiliated programs for the year ended 2011 was \$340,630. In addition, SBOEDC contracts with affiliates to provide personnel services. Personnel services provided to affiliates totaled \$1,010,189 for the year ended March 31, 2011.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Principles of consolidation - All material intercompany transactions and balances have been eliminated in the consolidation.

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 disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable - Receivables are recorded for services rendered but unpaid. Interest is not accrued or recorded on outstanding receivables.

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SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government contract receivables - Contract receivables are recorded for services rendered but unpaid.

Rents receivable - Receivables are recorded for unpaid rent. SBOEDC does not charge interest on outstanding receivables.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are subsequently met.

Loans receivable - SBOEDC records receivables based on loan agreements. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. SBOEDC does not accrue interest on outstanding loans.

Allowance for doubtful accounts - SBOEDC determines whether an allowance for uncollectibles should be provided for contributions, loans and accounts receivable (including development, contract and rent receivables). Such estimates are based on management's assessment of the aged basis of its contributions and other receivables, current economic conditions, subsequent receipts and historical information. Contributions, loans, and accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. SBOEDC does not charge interest on outstanding receivables.

Assets limited as to use - Assets limited as to use consist of amounts held in escrow by, or on deposit with, financial institutions that collateralize loan or mortgage obligations; placed on deposit with banks participating in letters of credit; and money held by the Trustee to make principal and interest payments to bondholders (see Note 13).

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - Investments are recorded at fair value, except for the guaranteed investment contract, which is valued at contract value. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could affect the amounts reported in SBOEDC's financial statements.

Developer's fees/receivables - Developer's fees are recognized when earned. SBOEDC charges affiliate organizations fees for development services. Receivables are recorded for services rendered but unpaid.

Fixed assets - Fixed assets are recorded at cost. SBOEDC capitalizes all property and equipment having a cost of \$2,500 or more with an estimated useful life of greater than one year. Depreciation and amortization are recorded on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 40 years
Furniture and fixtures	5 - 7 years
Equipment	3 - 5 years

Amortization of leasehold improvements is provided over the lesser of the life of the lease or the estimated useful life of the improvements.

Financing costs - Financing costs are amortized on the straight-line basis over the life of the related capital lease.

Tenant security deposits - SBOEDC obtains security deposits from all commercial tenants. Those funds are commingled with SBOEDC's operating funds and do not earn interest.

Advances from government agencies - Advances from government agencies represent unspent government grant monies that are to be used in the future period.

Net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Revenues from government agencies - Revenues from government agencies are recognized when earned. Expense-based grants are recognized as allowable expenses are incurred. Performance based grants are recognized as milestones are achieved.

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SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Rental income - SBOEDC leases office space to eligible tenants. All lease agreements are for at least a one-year term. All leases are operating leases and accounted for in accordance with generally accepted accounting principles in the United States of America. Revenue is recognized on the first day of each month for the current month's rent. SBOEDC bills certain tenants proportionally for their share of utility costs.

Management fees - SBOEDC charges affiliate organizations fees for management services based on management agreements. Receivables are recorded for services rendered but unpaid.

Rent expense - SBOEDC and related organizations lease space at various locations. All leases are operating leases and accounted for in accordance with generally accepted accounting principles in the United States of America; therefore, all leases are reflected on the straight-line basis. Rent expense is recognized on the first day of each month for the current month's rent.

Functional expenses - The costs of providing SBOEDC's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification - Assets limited as to use as well as financing costs were reclassified to conform to the current year's presentation.

Summarized comparative information - The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles read in conjunction with SBOEDC's financial statements for the year ended March 31, 2010, from which the information was derived.

Uncertainty in income taxes - SBOEDC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Tax returns for the years ending March 31, 2008 and subsequent remain subject to examination by applicable taxing authorities.

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events - In accordance with generally accepted accounting principles, subsequent events have been evaluated through September 7, 2011, which is the date the financial statements were available to be issued.

NOTE 3 - LOANS RECEIVABLE

CI provides low interest loans to aid in the expansion and revitalization of commercial and industrial businesses in the South Bronx, New York area.

In addition, CI occasionally provides loans to businesses for specific uses from its own unrestricted funds. The loans receivable balances at March 31, 2011 total \$57,815, with an allowance of uncollectible accounts of \$57,815.

SBOEDC occasionally provides loans to its tenants for specific uses from its own unrestricted funds. The loans receivable balances from tenant loans at March 31, 2011 total \$19,005.

Loan receivable payments are due as follows:

Past due	\$ 76,820
Allowance for doubtful accounts	<u>(57,815)</u>
	<u>\$ 19,005</u>

NOTE 4 - FIXED ASSETS

Fixed assets consist of the following:

Land	\$ 162,295
Buildings and improvements	6,754,101
Leasehold improvements	2,469,826
Furniture and fixtures	455,837
Equipment	671,227
Construction in progress	<u>771,896</u>
	11,285,182
Accumulated depreciation and amortization	<u>(5,037,360)</u>
	<u>\$ 6,247,822</u>

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 5 - LOANS PAYABLE

The balance at March 31, 2011 consists of the following:

<u>Description</u>	<u>Effective Interest Rate at 3/31/11</u>	<u>Amount Payable</u>
A. In 2011 SBOEDC entered into a working capital line of credit for \$800,000 payable to the State Bank of India of which \$650,677 was drawn down. Interest is to be charged at 2% above the Wall Street Journal Prime Rate per annum which was 3.25%. The line is collateralized by the program receivables of the Organization. The line of credit expires one year after the first drawdown and is due on demand.	5.25%	\$ 650,677
B. Unsecured loan, payable to Citibank, in a single installment at a fixed interest rate of 4% was due on March 1, 2010. The line is secured by the Organization's annual Gala fund-raising receipts. Subsequently, the loan was amended on August 8, 2010 with an initial payment of \$50,000 upon execution of the amendment, annual installments of no less than \$50,000 on March 1, 2011, 2012, 2013, and 2014 and monthly payments of principle and interest in the amount of \$4,250 beginning July 1, 2010 and due February 1, 2015.	4.00%	323,435
C. Unsecured loan, payable to Deutsche Bank, interest free and due in May 31, 2014. The loan is part of a \$75,000 commitment with additional proceeds of \$25,000 due May 31, 2012.	0.00%	50,000
D. Unsecured loan, payable to JPMorgan Chase, beginning January 18, 2010 and due December 18, 2011 with 23 payments to be made in the amount of \$3,799 of principle and interest being charged at a variable interest rate of LIBOR plus 6.5%.	6.75%	33,245

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SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 5 - LOANS PAYABLE (continued)

Description	Effective Interest Rate at 3/31/11	Amount Payable
E. In September 2007, SoBRO LDC entered into a loan agreement with a board member. The loan was used to purchase property and is due upon construction closing. The loan was for \$340,000 with interest being accrued and capitalized. Capitalized accrued interest in 2011 amounted to \$42,582 for a cumulative total of \$146,198 from loan origination. Management anticipates the construction closing to take place in 2013.	10.00%	\$ 486,198
F. Unsecured, non-interest-bearing loan payable to the Community Partnership Development Corporation, in a single installment to be paid upon construction loan closing. Management anticipates closing to occur by March 31, 2013.	0.00%	250,000
G. In 2010, SBOEDC entered into a secured loan, payable to Honda Financial Services, interest being charged at a fixed rate and due January 9, 2015. The loan is secured by the vehicle.	2.9%	23,016
H. A secured loan with New York National Bank for \$34,000, collateralized by all the assets of CI, due on February 6, 2012 and charged at a variable interest rate.	2.67%	5,533

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 5 - LOANS PAYABLE (continued)

<u>Description</u>	<u>Effective Interest Rate at 3/31/11</u>	<u>Amount Payable</u>
I. A revolving loan fund account, payable to New York State Urban Development Corporation (UDC). The maximum amount of funds available under the agreement is \$100,000. The agreement requires CI to use due diligence in evaluating prospective borrowers and good faith efforts to collect repayment from borrowers. As borrowers repay the loans, CI remits the proceeds to UDC. In the event that these good faith collections efforts fail and a loan is declared uncollectible, CI is not liable to UDC for the unpaid principal on the loan. The loan from UDC is interest-free.	0.00%	\$ <u>48,383</u>
Total loans payable		\$ <u>1,870,487</u>

Principal payments for these loans for the next four years are as follows:

<u>Year Ending</u>	
March 31, 2012	\$ 832,353
March 31, 2013	859,509
March 31, 2014	127,258
March 31, 2015	<u>51,367</u>
Total loans payable	\$ <u>1,870,487</u>

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 6 - MORTGAGE NOTES PAYABLE

The balances at March 31, 2011 consist of the following:

<u>Description</u>	<u>Effective Interest Rate at 3/31/11</u>	<u>Amount Payable</u>
A. On May 25, 2005, SBOEDC obtained a ten-year mortgage note from JP Morgan Chase Bank in the aggregate principal sum of \$2,189,553, with a variable interest rate based on the Monthly Average 1 Year Treasury Index plus 2.65%. The mortgage note matures on July 1, 2015 and requires payment of principal and interest in monthly installments of \$13,018. A lump-sum payment of \$1,342,336 is due on July 1, 2015. The mortgage note is collateralized by the premises located at 1-9 East 170th Street, Bronx, New York and at 15-19 West 183rd Street, Bronx, New York and the property known as Unit B in the East 170th Street Condominium.	2.98%	\$ 1,772,055
B. In fiscal year 2001, SBOEDC obtained a mortgage from the Bronx Overall Economic Development Corporation, a not-for-profit local development corporation, in the aggregate principal amount of \$1.2 million with a fixed interest rate of 5% per annum. The mortgage loan matures on November 7, 2021. The loan requires payment of principal in monthly installments of \$7,919. The mortgage loan is collateralized by the premises located at 270 East 137th Street, Bronx, New York.	5.00%	<u>797,997</u>
Total mortgage notes payable		<u>\$ 2,570,052</u>

All of the mortgages are secured by real estate owned by SBOEDC.

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 6 - MORTGAGE NOTES PAYABLE (continued)

Principal payments on these mortgages payable for the next five years and thereafter are as follows:

<u>Year Ending</u>	
March 31, 2012	\$ 157,233
March 31, 2013	163,597
March 31, 2014	170,073
March 31, 2015	176,818
March 31, 2016	1,420,636
Thereafter	<u>481,695</u>
Total mortgage notes payable	<u>\$ 2,570,052</u>

NOTE 7 - CAPITAL LEASE PAYABLE

On September 1, 2000, SBOEDC entered into an agreement with New York City Industrial Development Agency (the "IDA") to issue Civic Facility Revenue Bonds (South Bronx Overall Economic Development Corporation Project), Series 2000, in the aggregate principal amount of \$3,695,000, with a fixed interest rate of 8.65% per annum, to finance a portion of the costs of a project consisting of the acquisition, renovation and equipping of a commercial leasehold located at 2856-2870 Third Avenue, Bronx, New York (the "Facility"). The Series 2000 Bonds are scheduled to mature in various amounts through 2025. Quarterly interest payments began on December 1, 2000 and required annual principal repayments began starting December 1, 2002. As part of the agreement, SBOEDC transferred leasehold title to the building and its contents to the IDA. Capital leased assets are \$5,359,812 with accumulated amortization of \$2,350,959 as of March 31, 2011.

Principal and interest payments are guaranteed by SoBRO-LDC and SoBRO-DC.

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 7 - CAPITAL LEASE PAYABLE (continued)

Principal payments for each of the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 105,000	\$ 256,917	\$ 361,917
2013	115,000	247,645	362,645
2014	125,000	237,511	362,511
2015	135,000	226,514	361,514
2016	145,000	214,655	359,655
Thereafter	<u>2,380,000</u>	<u>1,213,482</u>	<u>3,593,482</u>
	<u>\$ 3,005,000</u>	<u>\$ 2,396,724</u>	<u>\$ 5,401,724</u>

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets consist of the following balances:

Excel in School program	\$ 319,695
Pre-development costs	<u>50,000</u>
Total temporarily restricted net assets	<u>\$ 369,695</u>

Net assets were released from restriction by satisfying the following program restrictions:

Excel in School program	\$ 49,221
Pre-development costs	<u>50,000</u>
Total net assets released from restriction	<u>\$ 99,221</u>

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 9 - OPERATING LEASES

SoBRO DC is the lessee of the premises located at 131 Walnut Ave., Bronx, NY, under the terms of a 30-year lease agreement with the City of New York (lessor) dated June 7, 1982. The lease was amended in 1994, 1996, 1997 and 2007, to require annual rentals payable to the City of New York of an amount equal to a percentage of gross rentals received, based upon the occupancy level. In addition to the basic rent, the lease agreement requires that a capital replacement fund be set up to provide funds for capital expenditures for the buildings. Under the lease agreement, SoBRO DC is required to deposit into a separate account ("Capital Replacement Fund") an amount equal to a minimum of \$15,000 per annum until the Capital Replacement Fund balance equals or exceeds \$75,000 to cover future capital expenditures. At March 31, 2011, SoBRO DC had a balance of \$8,365 in the fund, which did not meet the requirements of the lease agreement. Based on the audit by the City of New York, the unfunded balance at March 31, 2011 was \$36,511.

The initial term of the lease was to expire on June 6, 2012, but the lease term was extended to September 20, 2024.

SoBRO-LDC is the lessee of the premises located at 430 Westchester Ave., Bronx, New York and 553-555 Brook Avenue, Bronx, New York. Both leases are on a month-to-month basis and are cancelable at any time.

SBOEDC leases office space under a noncancelable operating lease. The lease provides for certain escalation charges based on increases in operating expenses of the buildings in addition to the base annual rent. In 2001, SBOEDC entered into a 25-year noncancelable lease agreement (through August 16, 2026) for its headquarters, with an option to renew for an additional twenty years.

SBOEDC leases various vehicles; the leases are noncancelable operating leases. The monthly installments on the leases vary from \$400 to \$600 and expire between October 2011 and December 2012.

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 9 - OPERATING LEASES (continued)

The future minimum rental payments under noncancelable operating leases with terms in excess of one year are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 549,793
2013	543,010
2014	536,643
2015	536,643
2016	561,643
Thereafter	<u>5,024,394</u>
Total	<u>\$ 7,752,126</u>

Total rent expense for the fiscal year ended March 31, 2011 was \$535,429.

NOTE 10 - FUTURE NONCANCELABLE LEASE REVENUE

SBOEDC and related organizations lease office and commercial space to various businesses. Lease agreements range from month to month to 25 years. All leases are recorded on the straight-line basis. Future noncancelable lease revenue through 2031 for SBOEDC, SoBRO-LDC and SoBRO-DC is expected as follows:

2012	\$ 1,507,992
2013	1,439,196
2014	1,341,425
2015	1,220,523
2016	1,203,468
Thereafter	<u>11,538,240</u>
	<u>\$ 18,250,844</u>

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 11 - PENSION PLAN

SBOEDC has a defined contribution pension plan covering all employees who meet age and length of service requirements. Pension expense for the year ended March 31, 2011 was \$271,945.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Reimbursements for program expense and overhead applicable to various programs conducted under contract with governmental agencies is based on complex laws and regulations. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. No such fines or penalties were imposed on the Organization. The Organization is subject to audit, which may result in adjustments or disallowances. The amount of disallowance, if any, cannot be determined. Therefore, no provision is made for these potential liabilities. Management does not anticipate any material adjustments as a result of these audits.

NOTE 13 - ASSETS LIMITED AS TO USE

Certain assets limited as to use are held in cash and a Guaranteed Investment Contract ("GIC"), which is carried at contract value. The GIC earns a fixed rate of interest of 5.70%. The composition of assets limited as to use at March 31, 2011 is as follows:

Cash (tax escrow)	\$ 3,537
Cash (debt service reserve fund)	74,906
Cash (capital replacement fund)	8,365
Guaranteed investment contract (debt reserve fund)	<u>367,469</u>
	<u>\$ 454,277</u>

NOTE 14 - DEVELOPER FEES

Developer fees consist of the fees related to the development and renovation of potential and existing projects. These projects will reimburse SBOEDC for the outstanding developer fees. These projected fees are due from affiliated organizations.

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

NOTE 15 - FUNCTIONAL EXPENSES

Program services	\$ 9,699,252
Management and general	2,333,001
Fund raising	159,097
Direct cost of special events	<u>98,841</u>
 Total expenses	 <u>\$ 12,290,191</u>

NOTE 16 - RELATED-PARTY TRANSACTIONS

SBOEDC obtained a loan from a company controlled by a member of the board. See Note 5E. The loan accrued interest of \$42,582 during the year ended March 31, 2011.

NOTE 17 - RESTATEMENT

The 2010 balance sheet has been restated to reflect the removal of construction in progress and the related loan payable of \$406,103. This has no impact on the net assets or on the statement of activities.

NOTE 18 - JOINT VENTURE

SOBRO-DC entered into a joint venture with a for-profit organization to develop condominium/ and or other residential units in the Bronx. SOBRO-DC will share equally in the developer fees and profits of the project. The partner is responsible for incurring all expenditures on developing the project. SOBRO-DC is responsible for the development of the project. The project has incurred approximately \$400,000 of capital costs and an equal amount of debt relating to the project. Should the project not come to fruition, SOBRO-DC will not be held liable for any unpaid liabilities of the project.

NOTE 19 - CONTINGENT LIABILITY

SBOEDC entered into a contract with the New York State Department of Transportation to design and construct a highway and bridge in the Bronx. SBOEDC subcontracted the project to a contractor. As part of the agreement the contractor is obligated to repay the Department of Transportation \$640,000 over five years. SBOEDC as grantor is contingently liable for these funds. Subsequent to year end, these funds were repaid in full.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

SCHEDULE 1

CONSOLIDATING BALANCE SHEET

MARCH 31, 2011
(With Summarized Financial Information for March 31, 2010)

	SBOEDC	SoBRO-		CI	Totals	
		LDC	DC		2011	2010 (Restated)
ASSETS						
Current assets						
Cash	\$ 74,681	\$ 18,499	\$ 36,188	549	\$ 129,917	\$ 104,942
Cash - tenants' security deposits	54,899				54,899	54,757
Accounts receivable	1,157,306				1,157,306	1,254,189
Government contracts receivable	1,326,469				1,326,469	1,791,790
Rents receivable	77,460	72,790	228,661		378,911	342,487
Loans receivable - net	19,005				19,005	27,795
Prepaid expenses and other receivables	119,339				119,339	94,804
Total current assets	2,829,159	91,289	264,849	549	3,185,846	3,670,764
Assets limited as to use	445,912		8,365		454,277	446,160
Developer fees receivable	935,624				935,624	935,624
Fixed assets - net	5,254,432	647,021	346,369		6,247,822	6,363,816
Financing costs - net	213,462				213,462	233,242
Total assets	\$ 9,678,589	\$ 738,310	\$ 619,583	\$ 549	\$ 11,037,031	\$ 11,649,606

-continued-

SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

SCHEDULE I
-2-

CONSOLIDATING BALANCE SHEET

MARCH 31, 2011
(With Summarized Financial Information for March 31, 2010)

	SBOEDC	SoBRO- LDC	SoBRO- DC	CI	Totals
					2011
					2010
					(Restated)
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued expenses	\$ 991,077	\$ 56,210	\$ 242,533	\$ 4,891	\$ 1,294,711
Due to (from) related organizations	597,605	(698,127)	154,194	(53,672)	1,283,059
Advances from government agencies	241,757				241,757
Loans payable	778,437			53,916	832,353
Mortgage notes payable	157,233				157,233
Capital lease payable	105,000				105,000
Deferred income	40,024				40,024
Security deposits	146,236	40,078	53,400		239,714
Total current liabilities	3,057,369	(601,839)	450,127	5,135	2,910,792
Long-term liabilities					
Loans payable	551,936	486,198			1,038,134
Mortgage notes payable	2,412,819				2,412,819
Capital lease payable	2,900,000				2,900,000
Total long-term liabilities	5,864,755	486,198			6,350,953
Total liabilities	8,922,124	(115,641)	450,127	5,135	9,261,745
Net assets					
Unrestricted	386,770	853,951	169,456	(4,586)	1,405,591
Temporarily restricted	369,695				369,695
Total net assets	756,465	853,951	169,456	(4,586)	1,775,286
Total liabilities and net assets	\$ 9,678,589	\$ 738,310	\$ 619,583	\$ 549	\$ 11,037,031
					\$ 11,649,606

See independent auditor's report.

SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

SCHEDULE 2

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED MARCH 31, 2011

(With Summarized Financial Information for the Year Ended March 31, 2010)

	SBOEDC	SoBRO- LDC	SoBRO- DC	CI	Intercompany Eliminations	Total	
						2011	2010
Revenues, gains and losses							
Government contracts and grants	\$ 7,628,294					\$ 7,628,294	\$ 6,950,189
Corporate and foundation grants	154,018					154,018	221,732
Special events income	\$ 280,913						
Direct costs of special events	(98,841)						
Rental income	1,131,289	\$ 388,280	\$ 626,599			2,146,168	2,165,487
Developer fees	79,221					79,221	104,495
Management fees	340,630					340,630	369,198
Contracted services	1,292,756				\$ (282,567)	1,010,189	914,620
Interest income	21,070					21,070	5,010
Other revenue	351,407	7,527	10,540			369,474	155,063
Total revenues, gains and losses	11,180,757	395,807	637,139		(282,567)	11,931,136	11,059,258
Expenses							
Program services							
Youth services	2,995,840					2,995,840	3,706,870
Adult services and testing assessment	2,275,969					2,275,969	2,144,621
Commercial revitalization	95,550					95,550	100,265
Technical assistance programs	657,628					657,628	489,807
Industrial development and job creation programs	330,823					330,823	638,451
Community development	2,981,066	144,275	215,375	\$ 2,726		3,343,442	2,070,301
Total program services	9,336,876	144,275	215,375	2,726		9,699,252	9,150,315
Supporting services							
Management and general	2,282,421	223,801	92,817	16,529	(282,567)	2,333,001	1,901,280
Fund raising	159,097					159,097	150,651
Total supporting services	2,441,518	223,801	92,817	16,529	(282,567)	2,492,098	2,051,931
Total expenses	11,778,394	368,076	308,192	19,255	(282,567)	12,191,350	11,202,246
Change in net assets before other changes	(597,637)	27,731	328,947	(19,255)		(260,214)	(142,988)
Contributions from (to) related organizations	294,688		(313,948)	19,260			
Change in net assets	(302,949)	27,731	14,999	5		(260,214)	(142,988)
Net assets - beginning of year	1,059,414	826,220	154,457	(4,591)		2,035,500	2,178,488
Net assets - end of year	\$ 756,465	\$ 853,951	\$ 169,456	\$ (4,586)	\$ -	\$ 1,775,286	\$ 2,035,500

See independent auditor's report.

SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

SCHEDULE 3

CONSOLIDATED FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2011

(With Summarized Financial Information for the Year Ended March 31, 2010)

	Program Services						Supporting Services			Total		
	Youth Services	Adult Services and Testing Assessment	Commercial Revitalization	Technical Assistance Programs	Industrial Development and Job Creation Programs	Community Development	Total	Management and General	Fund Raising	Direct Cost of Special Events	2011	2010
Salaries	\$ 1,876,003	\$ 1,449,730	\$ 47,719	\$ 383,218	\$ 195,244	\$ 903,646	\$ 4,855,560	\$ 881,054	\$ 85,122		\$ 5,821,736	\$ 6,029,939
Payroll taxes and employee benefits	421,617	338,840	11,755	94,622	48,402	218,903	1,134,139	213,431	17,876		1,365,446	1,375,060
Consultants and contract services	34,755	120,068	14,325	72,377	16,190	5,989	263,704	116,209	33,250		413,163	407,468
Subcontract awards						1,520,000	1,520,000				1,520,000	
Travel and conferences	237,864	33,238	655	22,445	2,573	39,054	335,829	25,545	1,496		362,870	413,073
Occupancy	85,019	119,621	6,042	15,445	20,521	513,303	759,951	203,838	16,302		980,091	1,128,259
Equipment rental and maintenance	63,571	37,518	1,028	3,001	870	5,580	111,568	3,286	1,181		116,035	80,572
Communication and consumable supplies	169,071	127,860	4,207	46,331	9,188	8,454	365,111	42,000	2,245		409,356	454,427
Interest	41,788	20,894	4,179	8,358	12,536	42,094	129,849	288,337			418,186	451,256
Property taxes	10,700	5,350	1,070	2,140	3,210	10,700	33,170	73,829			106,999	113,431
Bad debts								168,783			168,783	272,722
Depreciation and amortization	45,708	18,184	3,637	7,274	19,047	59,556	153,406	248,716			402,122	411,559
Catering and entertainment										\$ 98,841	98,841	91,128
Miscellaneous	9,744	4,666	933	2,417	3,042	16,163	36,965	67,973	1,625		106,563	64,480
Total expenses	2,995,840	2,275,969	95,550	657,628	330,823	3,343,442	9,699,252	2,333,001	159,097	98,841	12,290,191	11,293,374
Less expenses deducted directly from revenues on the statement of activities										(98,841)	(98,841)	(91,128)
Total expenses reported by function	\$ 2,995,840	\$ 2,275,969	\$ 95,550	\$ 657,628	\$ 330,823	\$ 3,343,442	\$ 9,699,252	\$ 2,333,001	\$ 159,097	\$ -	\$ 12,191,350	\$ 11,202,246

See independent auditor's report.

SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

SCHEDULE 4

FUNCTIONAL EXPENSES OF
SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION

YEAR ENDED MARCH 31, 2011

(With Summarized Financial Information for the Year Ended March 31, 2010)

	Program Services						Supporting Services			Total		
	Youth Services	Adult Services and Testing Assessment	Commercial Revitalization	Technical Assistance Programs	Industrial Development and Job Creation Programs	Community Development	Total	Management and General	Fund Raising	Direct Cost of Special Events	2011	2010
Salaries	\$ 1,876,003	\$ 1,449,730	\$ 47,719	\$ 383,218	\$ 195,244	\$ 903,646	\$ 4,855,560	\$ 881,054	\$ 85,122		\$ 5,821,736	\$ 6,029,939
Payroll taxes and employee benefits	421,617	338,840	11,755	94,622	48,402	218,903	1,134,139	213,431	17,876		1,365,446	1,375,060
Consultants and contract services	34,755	120,068	14,325	72,377	16,190		257,715	97,468	33,250		388,433	380,785
Subcontract awards						1,520,000	1,520,000				1,520,000	
Travel and conferences	237,864	33,238	655	22,445	2,573	26,200	322,975	25,545	1,496		350,016	395,434
Occupancy	85,019	119,621	6,042	15,445	20,521	204,670	451,318	199,553	16,302		667,173	732,447
Equipment rental and maintenance	63,571	37,518	1,028	3,001	870	3,370	109,358	3,286	1,181		113,825	79,133
Communication and consumable supplies	169,071	127,860	4,207	46,331	9,188	6,087	362,744	42,000	2,245		406,989	453,188
Interest	41,788	20,894	4,179	8,358	12,536	41,788	129,543	288,337			417,880	450,727
Property taxes	10,700	5,350	1,070	2,140	3,210	10,700	33,170	73,829			106,999	113,431
Bad debts								148,795			148,795	190,079
Depreciation and amortization	45,708	18,184	3,637	7,274	19,047	36,369	130,219	248,716			378,935	385,186
Catering and entertainment										\$ 98,841	98,841	91,128
Miscellaneous	9,744	4,666	933	2,417	3,042	9,333	30,135	60,407	1,625		92,167	62,492
Total expenses	2,995,840	2,275,969	95,550	657,628	330,823	2,981,066	9,336,876	2,282,421	159,097	98,841	11,877,235	10,739,029
Less expenses deducted directly from revenues on the statement of activities										\$ (98,841)	(98,841)	(91,128)
Total expenses reported by function	\$ 2,995,840	\$ 2,275,969	\$ 95,550	\$ 657,628	\$ 330,823	\$ 2,981,066	\$ 9,336,876	\$ 2,282,421	\$ 159,097	\$ -	\$ 11,778,394	\$ 10,647,901

See independent auditor's report.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

**FUNCTIONAL EXPENSES OF
SoBRO LOCAL DEVELOPMENT CORPORATION**

YEAR ENDED MARCH 31, 2011

(With Summarized Financial Information for the Year Ended March 31, 2010)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	
	<u>Community Development</u>	<u>Management and General</u>	<u>2011</u>	<u>2010</u>
Consultants and contract services	\$ 2,988	\$ 209,493	\$ 212,481	\$ 208,233
Travel and conferences	12,854		12,854	17,639
Occupancy	107,314	2,135	109,449	103,910
Communication and consumable supplies	2,367		2,367	1,239
Bad debts		12,173	12,173	9,600
Depreciation	13,341		13,341	19,142
Miscellaneous	5,411		5,411	321
	<u>144,275</u>	<u>223,801</u>	<u>368,076</u>	<u>360,084</u>
Total expenses reported by function	\$ <u>144,275</u>	\$ <u>223,801</u>	\$ <u>368,076</u>	\$ <u>360,084</u>

See independent auditor's report.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

**FUNCTIONAL EXPENSES OF
SoBRO DEVELOPMENT CORPORATION**

YEAR ENDED MARCH 31, 2011

(With Summarized Financial Information for the Year Ended March 31, 2010)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	
	<u>Community Development</u>	<u>Management and General</u>	<u>2011</u>	<u>2010</u>
Consultants and contract services	\$ 2,000	\$ 83,101	\$ 85,101	\$ 89,614
Occupancy	201,319	2,150	203,469	291,902
Equipment rental and maintenance	2,210		2,210	1,439
Bad debts				73,043
Amortization	9,846		9,846	7,231
Miscellaneous		7,566	7,566	1,454
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses reported by function	\$ <u>215,375</u>	\$ <u>92,817</u>	\$ <u>308,192</u>	\$ <u>464,683</u>

See independent auditor's report.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

FUNCTIONAL EXPENSES OF CREDIT INC.

YEAR ENDED MARCH 31, 2011

(With Summarized Financial Information for the Year Ended March 31, 2010)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	
	<u>Community Development</u>	<u>Management and General</u>	<u>2011</u>	<u>2010</u>
Consultants and contract services	\$ 1,001	\$ 8,714	\$ 9,715	\$ 6,302
Interest	306		306	529
Bad debt		7,815	7,815	
Miscellaneous	<u>1,419</u>		<u>1,419</u>	<u>213</u>
Total expenses reported by function	<u>\$ 2,726</u>	<u>\$ 16,529</u>	<u>\$ 19,255</u>	<u>\$ 7,044</u>

See independent auditor's report.