

SoBRO

South Bronx Overall Economic Development Corporation

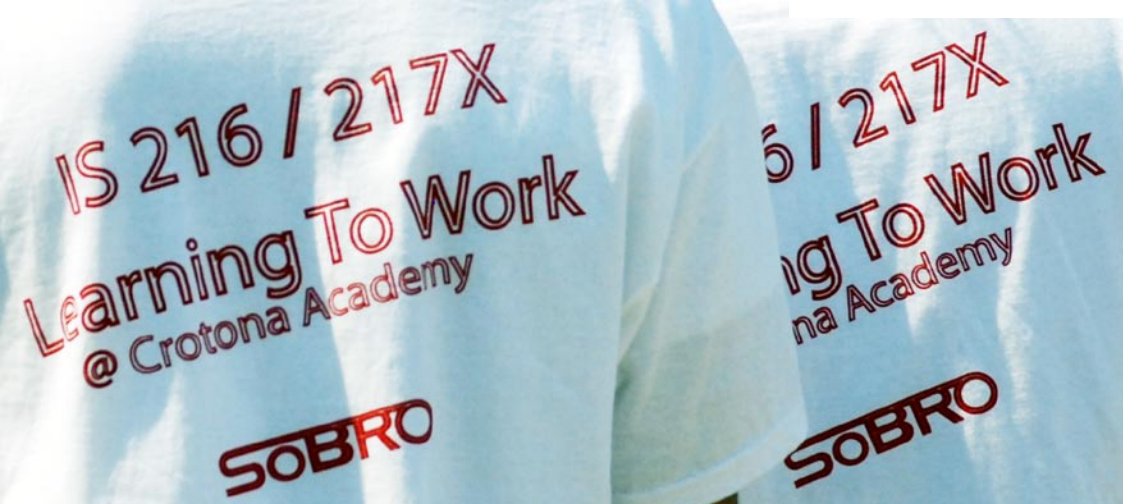
Building a Better Bronx

2007-8 ANNUAL REPORT



VIEW OF INTERSECTION OF E. 176TH STREET AND BOSTON ROAD

DATE	REVISIONS



Securing Our Future

Letter from the Chairman



Simon Bergson
Chairman of the Board

Dear Friends,

During SoBRO's 35th anniversary in 2007, we took the opportunity to look back and reflect on all that we have accomplished in the past. The hundreds of millions of dollars we have attracted in investment, the tens of thousands of jobs we have created or preserved, and the hundreds of low-cost housing we have provided for a community that desperately needed them are all accomplishments worth celebrating. But for our 36th year, SoBRO would like to call on the community to look to the future and imagine ways that we can move beyond the crucial needs of job creation and training, and make a difference more far reaching and long lasting than anyone thought possible in the Bronx's darker days.

We will always focus on providing Bronx residents with the basic tools for improving their lives but starting this year we will also look beyond the basics. Our health literacy initiative, for instance, will teach our students how to remain healthy and happy in a community with high instances of asthma, diabetes and other chronic yet preventable diseases. Our push for a greener Bronx, with improved efficiency standards for buildings and vehicles and better eco-friendly practices by citizens on an everyday basis will benefit everyone, both economically and physically. My company, Manhattan Beer Distributors, has been a great supporter of SoBRO since they helped us get a sound start in the community back in 1979. Now, as an enterprise with 15 percent of its fleet running on compressed natural gas and a recycling program through which we recycle over 160,000 tons of material every year, we hope to work with SoBRO to forge a path for the entire Bronx to follow, one that guarantees a healthier and happier life for ourselves, our families, and our neighbors.

I am proud to continue working with SoBRO after decades of cooperation and look forward to embarking on my third year as Chairman of SoBRO's Board. We hope that you will continue to support us as we move forward with these initiatives, and we thank you in advance for your support in helping us to build a better Bronx.

Sincerely,



Simon Bergson
President & Chief Executive Officer
Manhattan Beer Sales Distributors

Chairman of the Board
SoBRO

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** Non-voting member
* Executive Committee

WHAT WE DO

SoBRO IS DEDICATED TO ENHANCING THE
QUALITY OF LIFE IN THE SOUTH BRONX
BY GENERATING BUSINESS GROWTH AND
CREATING EFFECTIVE ECONOMIC, HOUSING,
EDUCATIONAL AND CAREER DEVELOPMENT
PROGRAMS FOR YOUTH AND ADULTS.

WHY IT WORKS

For the past 36 years, SoBRO has employed a comprehensive approach to improving the quality of life in the South Bronx. We not only provide direct services to individual community residents, but also rebuild the infrastructure in which they live. Our strategy includes helping to create and strengthen small businesses, building affordable housing and revitalizing neighborhoods to stimulate commercial growth. On an individual level, our program includes youth and adult education, career training and job placement services. SoBRO aims to help residents in every step towards their personal and professional goals. In this respect, our job is to provide South Bronx residents with the continuous support structure vital to their overall achievement.

“SoBRO’s dedication to improving the quality of life in the South Bronx through economic and business development is unparalleled, and its achievements have made an indelible impact on the residents of this revitalizing borough.”

– Mayor Michael Bloomberg

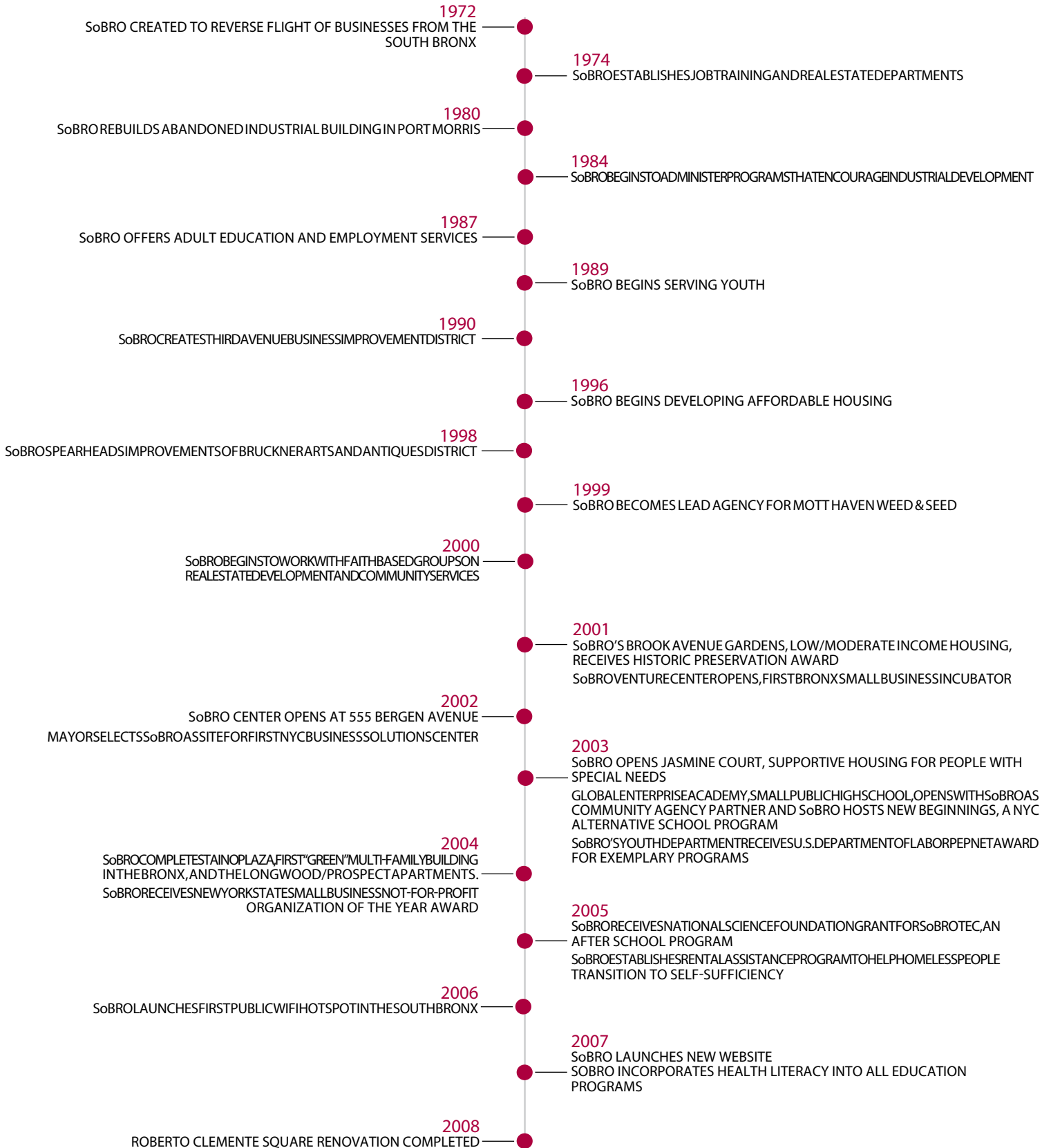
It is this holistic approach to addressing our community’s problems that allows SoBRO to yield such tremendous results. Early on, we pinpointed the Bronx’s most valuable assets: its human and physical capital. We use the latter, its abandoned buildings and vacant lots as a catalyst to provide much needed residential and commercial space. We help thousands of business owners get started and expand; and finally we empower our residents to overcome poverty by improving their educational and vocational skills and placing them into employment. Utilizing these major assets in tandem with one another has initiated the Bronx renaissance that lies at the heart of our mission.



HISTORY

SoBRO was founded in 1972 by a group of business executives and community leaders. Our mission was urgent: reverse the flight of businesses and jobs from the South Bronx. It was the first and most fundamental step toward rebuilding a community whose name evoked images of burned out buildings, crime, poverty, and drugs. But as SoBRO began to evolve, it became clearer that community revitalization required a multi-faceted effort. Today we address all aspects of community development: assisting businesses to get started and grow, training residents according to the needs of employers, offering opportunities for youth to learn and develop, and creating affordable housing and commercial space that reverses blight in the community.

SOBRO MILESTONES 1972-2008



OUR ECONOMIC DEVELOPMENT STRATEGY

YOUTH EDUCATION AND DEVELOPMENT

School Day Programs

- Small classes and specialized support services for middle school students who require assistance in moving to the next grade level
- Special program to prevent high school students from dropping out
- Partnership in a small public high school

After School Programs

- Theme-based courses, such as graphic design, video production, robotics, dance and music theory

Out of School Programs

- Hands-on job training and placement for young people who lack a high school diploma
- GED preparation

COMMERCIAL AND RESIDENTIAL REAL ESTATE DEVELOPMENT

Housing Development

- Construction of high quality, energy efficient housing for low and moderate income people, including those with special needs

- Property management

Commercial Development

- Building and procurement of real estate for businesses in the area
- Conversion of unused space into thriving commercial property

INTEGRATING

THE 4 ESSENTIALS

ADULT EDUCATION AND CAREER DEVELOPMENT

Education Programs

- Basic education such as reading, writing, math, and computer literacy
- ESL and Civics for new immigrants
- GED preparation

Employment Services

- Work readiness, career counseling, and job placement services
- Relevant computer and Internet resources

COMMUNITY AND ECONOMIC RENEWAL

Commercial and Industrial Business Assistance

- Entrepreneurial development workshops
- Technical assistance, such as aid in securing government agency contracts and financing

- Business incentives through partnerships with city and state agencies

Community Revitalization

- Neighborhood safety and overall community growth
- Housing and job services for homeless people actively seeking employment, and supportive housing services for those with special needs
- Revitalization of retail corridors

YOUTH EDUCATION AND DEVELOPMENT

We concentrate on engaging our youth and helping them succeed in high school and beyond. Our programs help:

- 8th graders move on to 9th grade
- High school students graduate and move on to higher education or meaningful careers
- Out of school youth earn a GED and prepare for a career

WHY IT WORKS

Small Classes

For students who have been unsuccessful in the regular classroom environment, we provide small classes and focused support services to help them acquire the social, personal, and academic skills they need to succeed.

Applied Learning

Our after school programs contextualize learning in a way that absorbs and motivates students, while helping them to develop key academic and career skills. Our theme-based approach incorporates basic reading, writing, and math education into creative, confidence-building endeavors such as writing a script for a short film or learning how to play a musical instrument.

Help Beyond School

SoBRO's YouthBuild program serves out-of-school youth with on-the-job construction trades training and GED preparation courses. YouthBuild not only helps prepare clients for quality employment, but also teaches valuable life skills through promoting team-work and providing a dependable support base.

WE GET RESULTS

- SoBRO's Youth Development Center serves approximately 1,500 youth during the school year and administers a Summer Youth Employment Program that provides work opportunities and workshops for approximately 700 young people
- 85% of all program participants increase reading and math scores by two grade levels annually and advance to the next grade
- 80% of SoBRO's senior participants graduate from high school and of those, over 90% go on to college

For a complete list of our programs, please visit www.SoBRO.org

SOUTH BRONX EDUCATION CRISIS

- More than half of all schools received a C or lower from the City's progress report system

- In 2006, only 16% of 8th graders met learning standards in English and math

- Nearly half of residents age 18-24 lack a high school diploma



Service Learning

SoBRO's Service Learning Initiative, in collaboration with the Department of Youth and Community Development and the Mayor's Center for Economic Opportunity, engages low income youth in community service projects. Participants research pressing community problems and identify potential solutions. They then generate, develop, and undertake their own service projects designed to address these issues, and engage in the review and reflection on their work. The combination of service and learning enables them to build academic, research, problem-solving, and critical-thinking skills through a thoughtful examination of poverty, policy, and the role of government, citizens, and communities.

The program is divided into two areas of focus: environmental service and health-based service.

The health component enrolls 20 students per semester. Students research health issues facing them and their community, ultimately designing and teaching a health class, free of charge, to community members.

The environmental component enrolls 80 students per semester. Students produce documentaries and design

ADULT EDUCATION AND CAREER DEVELOPMENT



Health Literacy

Starting in 2007, SoBRO fully embraced the Health Literacy Initiative as laid out by the Mayor's Office of Adult Education. We have formed a partnership with Lincoln Hospital and Urban Health Plan Inc. to teach our students how to keep themselves and their families healthy and active.

Health literacy is the ability of individuals to read, understand, and act upon health-related information. It also refers to the capacity of professionals and institutions to communicate effectively so that community members can make informed decisions and take appropriate actions to protect and promote their health.

Teachers like Lourdes Marquez have integrated health literacy into their everyday curriculum, regularly exposing her students to topics ranging from diet to diseases prevalent in our community. We teach the students by example, too: trips to the hospital and health screening days at SoBRO headquarters give students firsthand experience of how to navigate the health care system.

We offer the necessary tools and training for our clients to enter the work-force and become active community members. Our programs help:

- Adults without high school diplomas earn their GED
- New immigrants learn English and prepare for their U.S. Citizenship Exam
- Clients prepare for a career and secure employment

WHY IT WORKS

Employer Network

We build solid relationships with a large number of Bronx employers through our business development programs, as well as through our regular job fairs and community events. Employers approach us confident that we can consistently connect them with trained and qualified employees who are actively seeking work.

Contextual Learning

In our ESL (English as a Second Language) program, we put learning into the context of every day activities such as opening a bank account, obtaining a driver's license, and creating a resume. Clients are better able to absorb the language because they can apply their knowledge to everyday tasks.

Exceptional Teachers

SoBRO's teaching staff is not only highly trained and experienced, but also fully committed to the community it serves. Many of our teachers have been with SoBRO for over a decade and have played major supportive roles in improving their students' futures.

WE GET RESULTS

- 350 individuals find employment annually through SoBRO's Job Placement Program
- 700 students successfully participate in our ESL classes learning to speak English and understand their rights and responsibilities as American residents
- In the past year, at least 50% of our basic education and ESL participants registered educational gains, a result that far exceeds the U.S. Department of Education's 35-45% target range

A NEED FOR ADULT EDUCATION

- Over 40% of South Bronx residents lack high school diplomas
- 1 in 5 of South Bronx residents has less than a 9th grade education
- Spanish is the first language in most households in the Bronx

For a complete list of our programs, please visit www.sobro.org

Commercial and Residential Real Estate Development

We focus on rebuilding our neighborhoods and creating quality housing and commercial space in which our community can prosper. Our real estate development programs help us:

- Build attractive and energy efficient housing for low and moderate income families
- Create space for new businesses
- Convert abandoned areas into thriving commercial and residential property
- Attract business investment

WHY IT WORKS

Symbiotic Real Estate Development

We develop both residential and commercial real estate in the South Bronx to help foster a mutually beneficial relationship between businesses and the neighborhood residents they serve. Our uniquely broad approach allows us to work towards a wider and more sustainable transformation within the South Bronx.

Desirable Property

We build attractive, high quality apartments so that residents have a pleasant environment in which to live and can feel proud of their neighborhood. Our buildings are also energy efficient, which make them affordable and environmentally friendly. SoBRO's new developments have been instrumental in helping attract further commercial investment.

Integrated Programs

Our real estate development projects are the backbone for many of our other programs. For example, our commercial buildings often serve as retail or office space for the businesses we assist. In the same respect, our residential projects allow for further community initiatives, such as providing housing for homeless people who are actively seeking work through our employment services.

WE GET RESULTS

- In the past decade, SoBRO has developed 419 units of affordable and special needs housing, with 249 scheduled for construction and renovation in 2006, and 261 currently in the pre-development phase.
- To date, SoBRO has successfully developed:
 - 120,000 sq ft. of industrial space
 - 38,000 sq ft. of commercial space
 - 40,000 sq ft. of office space

For a complete list of our programs, please visit www.SoBRO.org

The Gateway Building

In May 2009 the Gateway Building—the first building one sees in the Bronx when crossing the Willis Avenue Bridge—welcomed residents for the first time since the 1970's. SoBRO hosted a ribbon cutting ceremony to celebrate the building's transformation from a long-vacant, century old eyesore to a gem of high quality urban housing.

Designed by Curtis + Ginsberg Architects and constructed by Expo Development Corporation, the newly renovated residential building offers 23 rental units including spacious studios, and 1 and 2 bedroom apartments. The apartments will provide residents a panoramic view of Harlem River and Upper Manhattan, and incorporate NYSERDA (New York State Energy Research and Development Authority) approved energy efficient features.

With the help of New York City Department of Housing Preservation and Development (HPD), the Community Preservation Corporation (CPC), the Bronx Borough President and many others, SoBRO was able to transform this century old former warehouse into a gorgeous living space. "For over 30 years, CPC has worked with local developers, community organizers and local and state housing authorities to develop and implement a variety of investment programs to address the multiple affordable housing needs in neighborhoods across New York City," says CPC's Senior VP and Bronx Regional Director. "Working with SOBRO and HPD to make this project a reality brings us one step closer to our ultimate goal -- to preserve and strengthen the neighborhoods of the South Bronx."

A CALL FOR DEVELOPMENT

• 20% of housing in the Bronx is officially substandard

• Vacancy rate in the Bronx is 2.3%, the lowest of all New York City boroughs

• The Bronx has the lowest homeownership rate of all New York City boroughs

Community and Economic Renewal

Roberto Clemente Plaza

For the past year, SoBRO has been working with the Department of City Planning, Department of Transportation and related agencies to redesign Roberto Clemente Plaza, a triangular traffic island at the intersection of East 149th Street and Third Avenue. Just last year, SoBRO successfully had the square renamed and new signs installed heralding it as Roberto Clemente Plaza in honor of the great athlete and humanitarian who died in a 1972 plane crash.

The \$2.8 million project will result in new traffic circulation patterns, street lighting changes, as well as visual enhancements such as the relocation of an MTA bus depot and a full redesign of the plaza which will include a public memorial honoring Roberto Clemente, to be designed and built by a commissioned artist.

The area surrounding the square will receive numerous benefits as a result of the successful completion of this project. Among other things, SoBRO hopes to create an identity for the Plaza as a community cultural gathering place while simultaneously acknowledging and celebrate Roberto Clemente's humanitarian efforts. The memorial, while utilizing environmentally friendly building materials, will also complement the overall design of the plaza, both as an intermodal transfer point for commuters and a common space for this busy and vibrant center for the community.

We are committed to strengthening the South Bronx economy and improving the living and working environment for neighborhood residents. Our programs help:

- build new businesses
- provide housing for homeless people actively seeking employment, as well as for those with special needs
- create a safe and healthy living environment
- strengthen existing businesses and help them sustain growth
- attract commercial investment
- create jobs

WHY IT WORKS

Business Incentives

We offer an extensive range of commercial and industrial business incentives through partnerships with various government agencies to attract investment and ensure that existing businesses can thrive. Incentives include low cost business loans, business relocation assistance, and tax benefits for new construction.

Holistic Approach

We not only give technical assistance to business owners, but also offer entrepreneurial development programs that help clients build and maintain a successful enterprise. Through these business development programs, we generate a large number of jobs for our community while stimulating a healthy overall economy.

Business and Community Network

SoBRO organizes merchant associations, marketing projects, and street fairs to encourage customer patronage, and works with local law enforcement and community leaders to keep the neighborhoods safe and desirable.

WE GET RESULTS

- In the past 3 years, SoBRO's Entrepreneurial Development Program has assisted 450 businesses, and approximately 70 jobs through the businesses served
- In the past 10 years, our clients have won hundreds of contracts worth a total value of nearly \$70 million through our Procurement and Technical Assistance Center (PTAC)

COMMUNITY CHALLENGES

- More than 40% of all South Bronx residents live below the poverty level
- The median income of New York State is nearly two and a half times that of the South Bronx
- In the community districts SoBRO serves, unemployment reaches 15%

For a complete list of our programs, please visit www.SoBRO.org

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
South Bronx Overall Economic Development Corporation

We have audited the consolidated balance sheet of South Bronx Overall Economic Development Corporation and Related Organizations as of March 31, 2008, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the 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' 2007 financial statements and, in our report dated December 8, 2008, 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 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, 2008, 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.

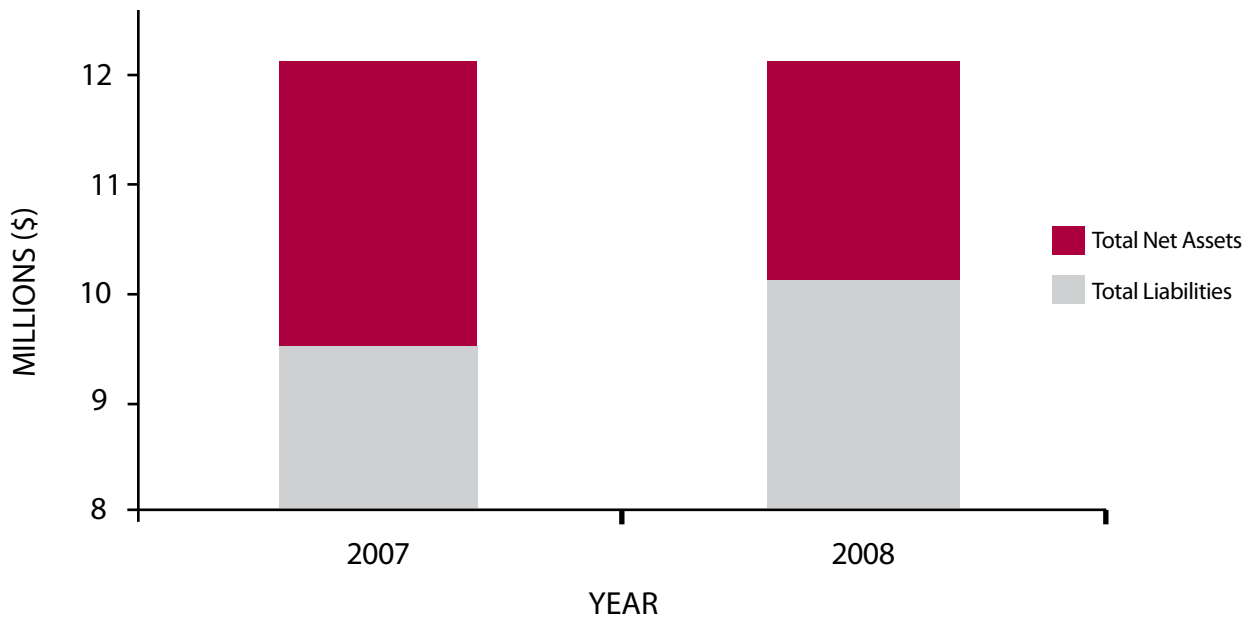
Loeb & Troper LLP
May 19, 2009

South Bronx Overall Economic Development Corporation
 STATEMENT OF FINANCIAL POSITION

As of March 31, 2008

Assets:	2008
Total assets	<u>\$12,471,007</u>
Liabilities And Net Assets:	
Total liabilities	<u>10,206,910</u>
Total net assets	<u>2,264,097</u>
Total liabilities and net assets	<u>\$12,471,007</u>

COMPARATIVE YEAR OVER YEAR TOTAL LIABILITIES AND NET ASSETS



South Bronx Overall Economic Development Corporation

STATEMENT OF ACTIVITIES

For the year ended March 31, 2008

Revenue:	2008	
Government Contracts	\$8,223,033	
Foundations and corporations	150,510	
Special events, net	358,868	
Rental income and other gains	1,873,333	
Administrative and management fees	1,089,681	
Interest and other income	196,945	
Total revenue	11,892,370	
 Expenses		
Program Services:		_____
Youth Services	4,687,471	_____
Adult Services	1,779,234	
Commercial Revitalization	317,057	
Technical Assistance	747,264	
Industrial and Economic Development	400,077	
Community development	2,011,145	
Total program services	9,942,248	
 Support Services:		
General and administrative	2,015,320	
Fundraising	153,651	_____
Total support services	2,203,971	_____
Total expenses	12,146,219	
Change in net assets	253,849	
Net assets at beginning of year	2,517,946	_____
Net assets at end of year	\$2,264,097	_____

		=====

For complete financial statements and accompanying notes, for the year ending March 31, 2008, with comparative totals for 2007, please refer to the SoBRO Audited Financial FY2008 document on www.sobro.org.

For complete financial statements and accompanying notes, for the year ending March 31, 2007, with comparative totals for 2006, please refer to the SoBRO Audited Financial FY2007 document on www.sobro.org.

Fiscal Year 2008 Funders List

We are thankful to all of our donors for their generous and continual support of our programs.

With much appreciation, we acknowledge the following contributors:

\$10,000 and over

Bank of America
Bank of New York Mellon
Bloomberg
Citibank
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Hagedorn Fund
JP Morgan Chase
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MDG Design & Construction
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Related Companies
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Waste Management

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\$1,000 and Over

149th Street Realty
Apple Bank for Savings
Aspro Mechanical Contracting Inc.
Bronx Overall Economic Development Corporation
Danois Architects, P.C.
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Gail Steinberg & Company, Inc.
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Stanley Gayson
Yoswein New York, Inc.

Up to \$1,000

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Curtis + Ginsberg Architects LLP
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Fidelity National Title Insurance Company
Hillman Environmental Group LLC
Lee Weintraub Landscape Architecture, LLC
New York Power Authority
North Manhattan Health Network
Scottish and New Castle
Spaten North America

Our Awards

- 2000 NYC Department of Business Services Barbara Wolff Award for Excellence
- 2001 Lucy G. Moses Historic Preservation Award
- 2002 Met Life Foundation Community Police Partnership Award
- 2003 Promising and Effective Practices Network (PEPNet) Award from the National Youth Employment Coalition.
- 2004 New York State Small Business Not-for-Profit Organization of the Year Award
- 2008 New York City Employment & Training Coalition Opportunity Award
- 2008 President's Committee on the Arts & The Humanities, Coming Up Taller Certificate of Excellence

Help Us Build a Better Bronx

To continue our work in rebuilding the South Bronx community, we rely on the generous support of our donors. If you would like to offer your contribution or for more information, please contact:

www.sobro.org

718.292.3113 (Development Office)

info@sobro.org

SOBRO

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BRONX, NY 10455

