

**CONEY ISLAND DEVELOPMENT CORPORATION
110 WILLIAM STREET
NEW YORK, NY 10038**

**FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR 2010)**

BALLO & CO.

CONEY ISLAND DEVELOPMENT CORPORATION

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Independent Auditors' Report

To the Board of Directors of Coney Island Development Corporation:

We have audited the accompanying statement of financial position of Coney Island Development Corporation as of June 30, 2011 and the related statements of activities and of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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. 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 Coney Island Development Corporation as of June 30, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements referred to above taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.


Ballo & Co.

New York, NY
September 19, 2011

CONEY ISLAND DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR 2010)

ASSETS	<u>2011</u>	<u>2010</u>
Current assets		
Cash in bank (Note 3)	\$ 200,628	\$ 430,687
Grants receivable (Note 4)	62,500	-
Other receivable (Note 5)	5,540	-
Prepayments (Note 6)	<u>1,702</u>	<u>1,721</u>
Total Current Assets	<u>270,370</u>	<u>432,408</u>
 Total Assets	 <u>\$ 270,370</u>	 <u>\$ 432,408</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 24,198	\$ 19,821
Due to NYC Economic Dev. Corp. (Note 7)	<u>5,540</u>	<u>207,898</u>
 Total Liabilities	 29,738	 227,719
 Net assets		
Unrestricted	4	-
Temporarily restricted (Note 8)	240,628	204,689
Permanently restricted	<u>-</u>	<u>-</u>
 Total Net Assets	 <u>240,632</u>	 <u>204,689</u>
 Total Liabilities and Net Assets	 <u>\$ 270,370</u>	 <u>\$ 432,408</u>

The accompanying notes are an integral part of these financial statements.

CONEY ISLAND DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
Revenues and other support					
Local development corporation grants	\$	\$ 250,000	\$	\$ 250,000	\$ 357,120
Foundation support				-	-
Contracted services		5,540		5,540	
Interest income	4			4	
In-Kind Contributions (Note 10)	362			362	7,824
Net assets release from restrictions					
Program restrictions satisfied	<u>219,601</u>	<u>(219,601)</u>		-	-
Total Revenues and Support	219,967	35,939	-	255,906	364,944
Expenses					
Program services					
Re-development of					
Coney Island community	<u>199,789</u>			<u>199,789</u>	<u>325,813</u>
Total Program Expenses	<u>199,789</u>	-	-	<u>199,789</u>	<u>325,813</u>
Management and general	20,174			20,174	23,362
Fund raising	<u>-</u>			<u>-</u>	<u>-</u>
Total Expenses	<u>219,963</u>	-	-	<u>219,963</u>	<u>349,175</u>
Increase (decrease) in net assets	4	35,939	-	35,943	15,769
Net assets, beginning	<u>-</u>	<u>204,689</u>		<u>204,689</u>	<u>188,920</u>
Net assets, ending	<u>\$ 4</u>	<u>\$ 240,628</u>	<u>\$ -</u>	<u>\$ 240,632</u>	<u>\$ 204,689</u>

The accompanying notes are an integral part of these financial statements.

CONEY ISLAND DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR 2010)

	2011	2010
Cash flows from operating activities:		
Cash received from grants	\$ 187,500	\$ 357,120
Interest income received	4	
Refund of insurance	388	
Cash paid to EDC for management fees	(325,678)	
Cash paid to vendors	<u>(92,273)</u>	<u>(224,488)</u>
Net cash provided (used) by operating activities	(230,059)	132,632
Cash flows from investing activities	-	-
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(230,059)	132,632
Cash, beginning	<u>430,687</u>	<u>298,055</u>
Cash, ending	<u>\$ 200,628</u>	<u>\$ 430,687</u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Net increase (decrease) in net assets:	\$ 35,943	\$ 15,769
(Increase) decrease in grants receivable	(62,500)	-
(Increase) decrease in other receivable	(5,540)	-
(Increase) decrease in prepayments	19	-
Increase (decrease) in accounts payable & accrued expenses	4,377	(10,784)
Increase (decrease) in Due to NYC EDC	<u>(202,358)</u>	<u>127,647</u>
Net cash provided by operating activities	<u>\$ (230,059)</u>	<u>\$ 132,632</u>

The accompanying notes are an integral part of these financial statements.

CONEY ISLAND DEVELOPMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR 2010)

	Re-development of Coney Island Community	Management and General	Fund Raising	2011 Total	2010 Total
Contracted costs - EDC (Note 11)	\$ 108,000	\$ 12,000	\$ -	\$ 120,000	\$ 208,317
Street cleaning & sanitation services	59,897			59,897	61,973
Meeting & seminars	308			308	982
Consulting expense				-	8,900
Audit fee		3,000		3,000	3,000
Insurance	585	4,737		5,322	5,162
Marketing & promotions	21,000			21,000	27,938
Supplies & printing	4,651			4,651	10,200
Telephone	258			258	65
Travel	3,910			3,910	13,629
Dues & subscriptions	564			564	593
In-kind (Note 10)	362			362	7,824
Miscellaneous	254	437		691	592
	<u>199,789</u>	<u>20,174</u>	<u>-</u>	<u>219,963</u>	<u>349,175</u>
Total	\$ <u>199,789</u>	\$ <u>20,174</u>	\$ <u>-</u>	\$ <u>219,963</u>	\$ <u>349,175</u>

The accompanying notes are an integral part of these financial statements.

CONEY ISLAND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Organization and Nature of Business

Coney Island Development Corporation is a non profit organization incorporated under sections 402 and 1411 of the Not for Profit Corporation Law of the State of New York on September 3, 2003. The Corporation is formed for the exclusively charitable or public purposes of relieving and reducing unemployment; promoting and providing for additional and maximum employment; bettering and maintaining job opportunities; carrying on research for the purpose of aiding the Coney Island community of the City of New York by attracting new industry and commerce to this community and by encouraging the development and retention of industry therein; lessening the burdens of government; and acting in the public interest.

The Corporation is a not for profit organization operating under the Internal Revenue Code of 1986, as amended, Section 501 (c) (3) and is, therefore, not subject to Federal State or City income taxes.

Note 2. Summary of Significant Accounting Policies

A. Basis of presentation

Coney Island Development Corporation's financial statements have been prepared on the basis of 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 corporation 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.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Unconditional promises to give are recognized as revenues in the period in which the promise amount is received. Conditional promises to give are recognized as revenues upon meeting such conditions.

B. Basis of accounting

The organization uses the accrual method of accounting to account for its revenues and expenses.

C. Concentrations

Financial instruments that potentially expose Coney Island Development Corporation to concentrations of credit and market risk consist primarily of cash in bank. Cash in bank is maintained at a high quality financial institution.

98% of support and revenue is from one funder, NYC Economic Development Corporation.

CONEY ISLAND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2. Summary of Significant Accounting Policies (Continued)

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

Note 3. Cash in bank

As of June 30, 2011 cash in bank consisted of:

JP Morgan Chase

One Chase Manhattan Plaza, New York, NY 10031

Checking account no. 530-636441

\$ 200,628

Note 4. Grants receivable

As of June 30, 2011 grants receivable consisted of:

NYC Economic Development Corp.

\$ 62,500

The amount was subsequently collected.

Note 5. Other receivable

Other receivable consisted of receivable for the production and printing of Coney Island Fun maps

\$ 5,540

The amount was subsequently collected.

Note 6. Prepayments

Prepayments consisted of prepaid insurance.

Note 7. Due to NYC Economic Development Corporation

CIDC has entered into an agreement with NYC Economic Development Corporation (EDC) where EDC as an independent contractor is to provide certain personnel, providing program, administrative and accounting services, EDC is also to provide office space, access to equipment, furniture, conference rooms and other materials necessary for the performance of the day to day operations of CIDC for a total fee of \$120,000.

As of June 30, 2011 \$5,540, was outstanding. The amount was subsequently reimbursed.

CONEY ISLAND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 8. Temporarily Restricted Net Assets

As of June 30, 2011, temporarily restricted net assets consisted of the following:

<u>Program</u>	<u>Beginning Balance</u>	<u>Additional Receipts</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Re-development of Coney Island community	\$ <u>204,689</u>	\$ <u>255,540</u>	\$ <u>219,601</u>	\$ <u>240,628</u>

Note 9. Support and Revenue

The Corporation received funding of up to \$250,000 from NYC Economic Development Corporation for the maintenance and preparation of a strategic plan for the re-development of Coney Island community. For the current year, a total of \$187,500 was received from EDC.

Note 10. In-Kind Contributions

Coney Island Development Corporation received \$362 of donated travel/meals.

Note 11. Related Party Transactions

Coney Island Development Corporation receives its 98% of support and revenues from NYC Economic Development Corporation (EDC). CIDC has entered into an agreement with EDC where EDC as an independent contractor is to provide certain personnel, providing program, administrative and accounting services, EDC is also to provide office space, access to equipment, furniture, conference rooms and other materials necessary for the performance of the day to day operations of CIDC. CIDC shall pay EDC a base contract fee of \$120,000 for the year ending June 30, 2011.

Payment to EDC for contracted costs amounted to \$120,000 for the year.

Note 12. Lease Commitment

The Coney Island Development Corporation occupies its office space, as part of its agreement with EDC, located at 110 William Street, New York, NY 10038.

Note 13. Contingent Liability

In 2009, the office of the New York State Attorney General commenced a state-wide investigation of local development corporations, including the Coney Island Development Corporation. Coney Island Development Corporation cooperated fully with this investigation, and complied with all requests for the production of documents and witnesses. There are no outstanding requests for documents and witnesses and no further requests are anticipated at this time. At this time, it is unclear whether the investigation will have an effect on the financial statements of the Coney Island Development Corporation.