



**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Consolidated Financial Statements

June 30, 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Boards of Directors
Bryant Park Corporation and
Bryant Park Management Corporation:

We have audited the accompanying consolidated balance sheet of Bryant Park Corporation and Bryant Park Management Corporation (the Organizations) as of June 30, 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year's summarized comparative information has been derived from the Organizations' 2009 consolidated financial statements, and in our report dated December 23, 2009, we expressed an unqualified opinion on those consolidated 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 the 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 Bryant Park Corporation and Bryant Park Management Corporation as of June 30, 2010, and the changes in their net assets and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 8, 2010

**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Consolidated Balance Sheet

June 30, 2010
(with comparative financial information
as of June 30, 2009)

Assets	2010	2009
Cash and cash equivalents	\$ 5,492,472	5,617,535
Accounts receivable and other assets (note 3)	955,828	643,779
Restaurant design and construction, net (note 3)	1,528,408	1,407,626
Property and equipment, net (note 4)	577,723	228,866
District improvements, net of accumulated amortization of \$4,542,040 and \$4,222,707 in 2010 and 2009, respectively	2,252,876	1,795,753
Total assets	\$ 10,807,307	9,693,559
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 653,738	326,015
Due to related party (note 8)	17,290	79,715
Deferred revenue	152,500	152,500
Total liabilities	823,528	558,230
Commitments and contingencies (notes 3, 6, and 7)		
Net assets:		
Unrestricted:		
Operating	7,730,903	7,339,576
District improvements	2,252,876	1,795,753
Total net assets	9,983,779	9,135,329
Total liabilities and net assets	\$ 10,807,307	9,693, 559

See accompanying notes to consolidated financial statements.

**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Consolidated Statement of Activities

Year ended June 30, 2010
(with summarized financial information
for the year ended June 30, 2009)

	<u>Unrestricted</u>		2010 total	2009 total
	<u>Operating</u>	<u>District improvements</u>		
Revenue and other support:				
Assessments	\$ 900,000	—	900,000	900,000
Grants and contributions, including contributed services of \$236,439 and \$250,000 in 2010 and 2009, respectively	1,224,113	—	1,224,113	1,037,488
Restaurant rental income (note 3)	1,473,129	—	1,473,129	1,579,674
Park usage fees	4,285,679	—	4,285,679	4,037,683
Concessions	783,587	—	783,587	644,729
Interest	16,831	—	16,831	52,823
Other sources	88,877	—	88,877	46,580
Total revenue and other support	<u>8,772,216</u>	<u>—</u>	<u>8,772,216</u>	<u>8,298,977</u>
Expenses:				
Program services:				
Capital projects – park	824,999	315,238	1,140,237	1,199,768
Capital projects – restaurant	251,593	—	251,593	244,837
Park maintenance	1,329,066	—	1,329,066	1,270,134
Security	850,609	—	850,609	887,703
Design services	189,884	—	189,884	188,422
Retail services and promotion	319,732	—	319,732	252,093
Public events	1,282,283	—	1,282,283	1,183,197
Park programs	836,621	—	836,621	652,800
Carousel	182,547	4,095	186,642	231,272
Reading room	183,537	—	183,537	154,045
Horticulture	522,679	—	522,679	457,180
Total program services	<u>6,773,550</u>	<u>319,333</u>	<u>7,092,883</u>	<u>6,721,451</u>
Supporting services:				
Management and general	<u>830,883</u>	<u>—</u>	<u>830,883</u>	<u>1,194,804</u>
Total expenses	<u>7,604,433</u>	<u>319,333</u>	<u>7,923,766</u>	<u>7,916,255</u>
Transfer – district improvements acquired	<u>(776,456)</u>	<u>776,456</u>	<u>—</u>	<u>—</u>
Increase in net assets	391,327	457,123	848,450	382,722
Net assets at beginning of year	<u>7,339,576</u>	<u>1,795,753</u>	<u>9,135,329</u>	<u>8,752,607</u>
Net assets at end of year	<u>\$ 7,730,903</u>	<u>2,252,876</u>	<u>9,983,779</u>	<u>9,135,329</u>

See accompanying notes to consolidated financial statements.

**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Consolidated Statement of Functional Expenses

Year ended June 30, 2010
(with summarized financial information
for the year ended June 30, 2009)

	Program services											Supporting services	2010 total	2009 total	
	Capital projects – park	Capital projects – restaurant	Park maintenance	Security	Design services	Retail services and promotion	Public events	Park programs	Carousel	Reading room	Horticulture	Total			Management and general
Salaries	\$ 250,308	—	790,296	583,055	120,524	82,181	479,976	273,824	109,827	63,965	124,785	2,878,741	497,973	3,376,714	3,321,591
Payroll taxes and benefits	59,268	—	333,885	189,577	28,749	15,360	88,527	99,682	23,119	14,478	37,762	890,407	81,143	971,550	841,575
Total salaries and related expenses	309,576	—	1,124,181	772,632	149,273	97,541	568,503	373,506	132,946	78,443	162,547	3,769,148	579,116	4,348,264	4,163,166
Contracted services, including contributed services of \$236,439 and \$250,000 in 2010 and 2009, respectively	215,254	—	1,886	576	4,366	189,384	417,132	136,460	15,465	50,313	340,655	1,371,491	61,195	1,432,686	1,434,172
Accounting and legal	—	—	—	213	1,380	13,420	1,950	1,050	—	—	—	18,013	4,217	22,230	321,575
General liability insurance	14,902	—	46,811	46,697	7,181	4,897	28,973	16,238	6,549	3,813	7,416	183,477	31,645	215,122	217,452
Occupancy	45,003	—	22,269	21,722	23,043	10,537	56,896	10,892	7,270	15,633	6,027	219,292	76,655	295,947	250,161
Supplies	35,099	—	88,333	1,165	804	267	2,388	45,628	2,635	1,807	614	178,740	20,047	198,787	123,427
Telephone	4,774	—	928	1,717	1,713	804	10,059	17,864	1,436	1,424	2,467	43,186	5,455	48,641	55,918
Equipment	19,682	—	6,670	1,971	385	266	2,874	21,365	131	7,149	741	61,234	2,452	63,686	63,251
Repairs and maintenance	175,097	—	1,054	375	110	33	144,364	96,171	11,576	13,398	184	442,362	3,534	445,896	514,659
Uniforms	71	—	35,071	3,119	—	—	—	1,331	2,325	258	1,705	43,880	—	43,880	35,469
Travel and entertainment	2,304	—	965	79	176	591	4,604	1,606	167	4,114	161	14,767	5,573	20,340	20,916
Depreciation and amortization	315,238	251,593	—	—	—	—	4,374	103,594	5,079	3,725	—	683,603	18,193	701,796	658,514
Miscellaneous	3,237	—	898	343	1,453	1,992	40,166	10,916	1,063	3,460	162	63,690	22,801	86,491	57,575
Total year ended June 30, 2010	\$ 1,140,237	251,593	1,329,066	850,609	189,884	319,732	1,282,283	836,621	186,642	183,537	522,679	7,092,883	830,883	7,923,766	
Total year ended June 30, 2009	\$ 1,199,768	244,837	1,270,134	887,703	188,422	252,093	1,183,197	652,800	231,272	154,045	457,180	6,721,451	1,194,804		7,916,255

See accompanying notes to consolidated financial statements.

**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Consolidated Statement of Cash Flows

Year ended June 30, 2010
(with comparative financial information
for the year ended June 30, 2009)

	2010	2009
Cash flows from operating activities:		
Increase in net assets	\$ 848,450	382,722
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	701,796	658,514
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(312,049)	(14,623)
Accounts payable and accrued expenses	327,723	(208,479)
Due to related party	(62,425)	8,666
Deferred revenue	—	92,500
Net cash provided by operating activities	1,503,495	919,300
Cash flows from investing activities:		
Acquisition of property and equipment	(479,727)	(97,397)
Acquisition of restaurant improvements	(372,375)	—
Acquisition of district improvements	(776,456)	(364,741)
Net cash used in investing activities	(1,628,558)	(462,138)
(Decrease) increase in cash and cash equivalents	(125,063)	457,162
Cash and cash equivalents at beginning of year	5,617,535	5,160,373
Cash and cash equivalents at end of year	\$ 5,492,472	5,617,535

See accompanying notes to consolidated financial statements.

**BRYANT PARK CORPORATION AND
BRYANT PARK MANAGEMENT CORPORATION**

Notes to Consolidated Financial Statements

June 30, 2010

(1) Description of Organizations

(a) *Bryant Park Corporation (BPC)*

BPC is a not-for-profit entity, which was organized as Bryant Park Restoration Corporation to promote the restoration, maintenance, and utilization of Bryant Park in association with The New York Public Library, Astor, Lenox and Tilden Foundations (the Library), and the New York City Department of Parks and Recreation (the City). In November 2006, the name of the corporation was changed to Bryant Park Corporation. BPC provides program services and capital improvements, such as plantings, lighting, concession facilities, renovated public restrooms, and newsstands to the Bryant Park Business Improvement District (the District).

On July 29, 1985, BPC, the Library, and the City entered into lease and management agreements (the Agreements) under which responsibility for managing Bryant Park was transferred from the City to BPC. Under the Agreements, BPC assumed responsibility for routine operations and special events in Bryant Park, under the supervision of the City, while obtaining the right to develop commercial facilities under a 35-year lease of the terrace (the Terrace Lease) behind the New York Public Library in Bryant Park. The Agreements provide that, with the approval of the City, BPC would select an operator who would construct, equip, and operate a restaurant and related facilities in Bryant Park pursuant to a separate lease agreement. Fees from concessioned facilities, in addition to contributions from Bryant Park Management Corporation (see below), provide additional revenues to BPC.

BPC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code).

(b) *Bryant Park Management Corporation (BPMC)*

BPMC is a not-for-profit entity organized in 1983, in cooperation with the City, by property owners, tenants, and City officials with an interest in the District. BPMC is a District Management Association organized to promote and support the District and to execute a plan, approved by the Board of Estimate of the City of New York, for providing supplemental services to Bryant Park and to the public spaces surrounding Bryant Park.

The property owners and tenants within the District have agreed to fund the approved activities of BPC through assessments levied against real property located within the District and collected by the City. The maximum assessment and use of the funds will be determined annually by BPC. Such amount shall not exceed 3% of the total general city taxes levied in that year against the taxable real property in the District. Assessments of \$900,000 were transferred to BPC to be used in operations for the years ended June 30, 2010 and 2009.

BPMC is exempt from federal income tax under Section 501(c)(3) of the Code.

BPC and BPMC are not subject to income taxes except to the extent they have taxable income from activities that are not related to their exempt purposes. BPC and BPMC recognize the effect of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for fiscal 2010 or 2009.

**BRYANT PARK CORPORATION AND
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Notes to Consolidated Financial Statements

June 30, 2010

(2) Summary of Significant Accounting Policies

(a) Consolidated Financial Statements

In view of the similarity of their objectives and their close financial and organizational relationships, including common management and overlapping boards of directors; therefore, consolidated financial statements for BPC and BPMC (the Organizations) are prepared. Intercompany accounts and transactions have been eliminated in the preparation of the consolidated financial statements.

(b) Basis of Accounting

The accompanying consolidated financial statements of the Organizations have been prepared on the accrual basis.

(c) Basis of Presentation

The Organizations' net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organizations and/or the passage of time. The Organizations have no temporarily restricted net assets.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently. The Organizations have received no permanently restricted contributions.

Revenues are reported as an increase in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(d) Cash Equivalents

The Organizations consider money market funds and certificates of deposit with an original maturity of three months or less to be cash equivalents.

The total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. BPC had cash balances at June 30, 2010 and 2009 that exceeded the balance insured by the FDIC in the amount of \$5,160,003 and \$5,367,535, respectively.

(e) District Improvements

District improvements are capitalized as costs are incurred on the basis that these improvements provide a future economic benefit to the District and its property owners.

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Notes to Consolidated Financial Statements

June 30, 2010

Capitalized district improvements are amortized on a straight-line basis over a 20-year period or the estimated useful lives of the improvements, if shorter.

(f) Contributions

Gifts of cash and other assets are reported as 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 accompanying consolidated statement of activities as net assets released from restriction. Fund-raising activities are not significant to the operations of BPC and BPMC.

(g) Contributed Services

Contributed services are recognized as revenue and expense in the period received at the fair value of those services.

(h) Comparative Financial Information

The accompanying consolidated financial statements include certain prior year summarized information. With respect to the accompanying consolidated statement of activities, information in the prior year is presented in the aggregate and not detailed by function. With respect to the consolidated statement of functional expenses, information is presented by function. Accordingly, such information should be read in conjunction with the Organizations' prior year consolidated financial statements from which the summarized information was derived.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Deferred Revenue

Contracts for use of Bryant Park require payment of park usage fees prior to the actual date of use. Such advance payments are deferred until their recognition in revenue on the date of use.

(k) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

**BRYANT PARK CORPORATION AND
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Notes to Consolidated Financial Statements

June 30, 2010

(3) The Restaurant at Bryant Park

BPC entered into an indenture of lease with Ark Bryant Park Corporation (Ark), operator of the Restaurant. The lease commenced upon completion of the Restaurant in May 1995 for a 20-year term and provides for annual minimum basic rent of \$275,000. The lease provides for additional rentals if restaurant gross receipts, as defined, exceed \$3,437,500 for the calendar year. The rental is determined as follows: 8.0% of the first \$5,000,000 of gross receipts; 9.0% of the next \$5,000,000; and 10.0% of gross receipts in excess of \$10,000,000. Under an amendment of the indenture of lease, Ark constructed and has operated a related cafe (the Cafe) in the park for which it agreed to pay additional rent equal to 8.0% of the Cafe's gross receipts. BPC and Ark entered into a separate indenture of lease, dated February 18, 2005, for the Café (the cafe lease). Under the cafe lease, Ark has agreed to operate the Cafe for seven years commencing on May 1, 2005. The cafe lease provides for annual basic rent of \$400,000 plus 16.5% of gross receipts in excess of \$2,500,000. Rental revenue from the Restaurant and Cafe for the years ended June 30, 2010 and 2009 totaled \$868,615 and \$932,962 and \$604,514 and \$646,712, respectively.

Restaurant design and construction is stated at cost less accumulated amortization. Amortization is provided over the remaining lease term.

At June 30, 2010 and 2009, restaurant design and construction consisted of the following:

	<u>2010</u>	<u>2009</u>
Restaurant design and construction	\$ 4,690,221	4,690,221
Capitalized interest	155,454	155,454
Restaurant improvements	372,375	—
	<u>5,218,050</u>	<u>4,845,675</u>
Accumulated amortization	<u>(3,689,642)</u>	<u>(3,438,049)</u>
Restaurant design and construction, net	<u>\$ 1,528,408</u>	<u>1,407,626</u>

For the years ended June 30, 2010 and 2009, revenue and expenses recognized by BPC related to the Restaurant were as follows:

	<u>2010</u>	<u>2009</u>
Restaurant rental income	\$ 1,473,129	1,579,674
Amortization expense	<u>(251,593)</u>	<u>(244,837)</u>
Increase in net assets from restaurant-related activities	<u>\$ 1,221,536</u>	<u>1,334,837</u>

The Ark leases provide for monthly payments of base rent plus additional percentage rent, based on the prior year's additional rent. Payments of any excess percentage rent are calculated and paid on an annual basis. The amount of excess percentage rent included in accounts receivable at June 30, 2010 and 2009 is \$181,420 and \$199,612, respectively.

**BRYANT PARK CORPORATION AND
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Notes to Consolidated Financial Statements

June 30, 2010

(4) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over an estimated useful life of three to five years. Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease terms, if shorter.

At June 30, 2010 and 2009, property and equipment consisted of the following:

	2010	2009
Office furniture and equipment	\$ 1,236,633	909,019
Leasehold improvements	116,286	36,783
	1,352,919	945,802
Accumulated depreciation and amortization	(775,196)	(716,936)
Property and equipment, net	\$ 577,723	228,866

(5) Pension Benefits

BPC has a defined contribution retirement plan covering all personnel. Pension cost for the years ended June 30, 2010 and 2009 was \$62,724 and \$55,827, respectively.

(6) Lease Agreements

On November 20, 2009, BPC and 34th Street Partnership, Inc. entered into a lease agreement for space at 1065 Avenue of the Americas, New York, NY. This lease commenced on January 1, 2010 and expires February 28, 2018. BPC has been allocated its proportionate share, based on utilization, of the straight-line rental expense, which was \$88,643 for the year ended June 30, 2010.

The future minimum lease payments, based on current allocation percentages, are as follows:

	Amount
Year ending June 30:	
2011	\$ 160,582
2012	171,799
2013	175,235
2014	178,740
2015	185,112
Thereafter	549,861
	\$ 1,421,329

BPC is jointly liable for total lease commitments of \$2,800,649 at 1065 Avenue of the Americas.

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June 30, 2010

BPC and the Partnership similarly shared space at 500 Fifth Avenue, New York, NY, until January 31, 2010, under a lease, which expired on December 31, 2009. BPC has been allocated its proportioned share, based on space utilization, of the net rental expense, which, including maintenance costs, was \$113,671 and \$165,813 for the years ended June 30, 2010 and 2009, respectively.

(7) Litigation

BPC and BPMC are defendants in various legal actions arising out of the normal course of their operations. Although the final outcome of such actions cannot currently be determined, management is of the opinion that eventual liability, if any, will not have a material adverse effect on the consolidated financial position.

(8) Related Parties

At June 30, 2010 and 2009, BPC was indebted to the Partnership for its net proportionate share of certain joint expenses. The Partnership is a business improvement district with which BPC and BPMC share common management and office space. The balance due to the Partnership was \$17,290 and \$79,715 at June 30, 2010 and 2009, respectively.

(9) Subsequent Events

In connection with the preparation of the financial statements, the Organizations evaluated subsequent events after the balance sheet date of June 30, 2010 through December 8, 2010, which was the date the financial statements were available to be issued. There were no subsequent events that would require disclosure in or adjustment to the 2010 financial statements.