HIGHLANDS BUSINESS PARTNERSHIP, INC.

FINANCIAL REPORT
DECEMBER 31, 2011

HIGHLANDS BUSINESS PARTNERSHIP, INC.

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CURCHIN

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Highlands Business Partnership, Inc.

We have audited the accompanying statement of financial position of Highlands Business Partnership, Inc., (a New Jersey not-for-corporation), as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 provide 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 the Highlands Business Partnership, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Curchin Group

THE CURCHIN GROUP, LLC

Red Bank, New Jersey
July 16, 2012

THE CURCHIN GROUP LLC

ASSURANCE SERVICES :: TAX :: FINANCIAL PLANNING :: BUSINESS ADVISORY

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HIGHLANDS BUSINESS PARTNERSHIP, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Cash and equivalents	$ 2,262
Equipment, net of accumulated depreciation	-
	$ 2,262

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable and accrued expenses	$ 3,400
NET ASSETS:	
Unrestricted net deficit	(1,138)
	$ 2,262

See accompanying notes to financial statements.

HIGHLANDS BUSINESS PARTNERSHIP, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

REVENUE:	
Assessment revenue	$ 20,000
Sponsorship	7,000
Sponsorship - Barter	20,250
Events	73,570
Total revenue	120,820
EXPENSES:	
Visual improvements	7,657
Events	76,728
Marketing	12,248
Administrative expenses	9,831
Accounting	3,821
Dues and publications	457
Economic development	750
Depreciation	149
Other	12,310
Total expenses	123,951
CHANGE IN UNRESTRICTED NET ASSETS	(3,131)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	1,993
UNRESTRICTED NET DEFICIT, END OF YEAR	$ (1,138)

See accompanying notes to financial statements.

HIGHLANDS BUSINESS PARTNERSHIP, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in unrestricted net assets	$	(3,131)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense		150
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses		3,400
NET CHANGE IN CASH AND EQUIVALENTS		419
CASH AND EQUIVALENTS, BEGINNING OF YEAR		1,843
CASH AND EQUIVALENTS, END OF YEAR	$	2,262

See accompanying notes to financial statements.

HIGHLANDS BUSINESS PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization – Highlands Business Partnership, Inc. (the "Organization") was formed in 1999 for the purpose of serving as the management corporation for the Highlands Business Improvement District. The Organization's major source of revenue is provided by assessments of the commercial properties located in the Highlands Business Improvement District.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 may or will be met, either by actions of the Organization and/or the passage of time. There are no temporarily restricted net assets at December 31, 2011.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted net assets at December 31, 2011.

Cash Equivalents – Cash equivalents consist of interest-bearing money market funds.

Income Taxes – The Organization follows the accounting guidance for uncertain tax positions, which clarifies the accounting and recognition for tax positions taken or expected to be taken in its income tax returns. The Organization recognizes the tax benefits from uncertain tax positions only if it is more likely than not that a tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

Management has determined that there are no unrecognized tax benefits that will significantly increase or decrease over the next twelve months, nor has the Organization incurred any interest or penalties related to income tax expense during the year ended December 31, 2011. Generally, in accordance with the statutes of limitations, the Organization is no longer subject to income examinations for returns filed for years before 2007.

The Organization is a qualified tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and State income taxes.

Equipment – Equipment is stated at cost. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation of equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates – The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Advertising – Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2011 was $7,210. There was also a Barter agreement for advertising which is recorded as Revenue and Expense in the amount of $6,750.

NOTE 2 – EQUIPMENT:

Equipment at December 31, 2011 consisted of the following:

Office equipment	$ 900
Less: Accumulated depreciation	(900)
	$ -

NOTE 3 – CONCENTRATION OF CREDIT RISK:

Financial instruments, which potentially subject the Organization to significant concentrations of credit risk consist primarily of cash.

The Organization maintained cash in one financial institution during the year ended December 31, 2011. At times, cash balances may exceed insured limits.

NOTE 4 – ECONOMIC DEPENDENCY:

The Organization received 16% of its revenue under an ordinance from the Borough of Highlands for the year ended December 31, 2011. Should funds under the ordinance be significantly reduced, the Organization would need to accordingly reduce the services it provides.

NOTE 5 – RELATED PARTY TRANSACTIONS:

The Organization paid a company owned by the Board President and her spouse $6,042 during the year ended December 31, 2011, for Website design services and brochure ads.

That same company donates space and other services to the Organization which amounts to an estimate of $7,200 for the year ending December 31, 2011.

During the year ended December 31, 2011, the Organization paid companies owned by other Board members $3,850, for visual improvement expenses, gift certificates and event food services.

NOTE 6 – BARTER EXCHANGE TRANSACTIONS:

During 2011, the Organization engaged in non-cash barter exchange transactions. These transactions are recorded at fair market value when the goods and/or services are received. The goods and services included as expense against the sponsorship-barter income were for Advertising and Visual Improvement Services.

NOTE 7 – SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through July 16, 2012, which is the date the financial statements were available to be issued.