

***CITY OF ALBANY CAPITAL
RESOURCE CORPORATION,
A COMPONENT UNIT OF THE
CITY OF ALBANY***

FINANCIAL STATEMENTS

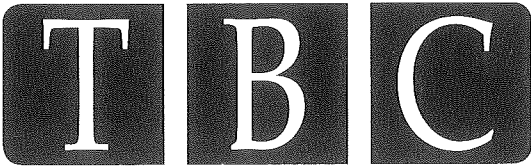
DECEMBER 31, 2011

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Report On Internal Control Over Financial Reporting And On Compliance And
Other Matters Based On An Audit Of Financial Statements Performed In Accordance
With *Government Auditing Standards*



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The Chairman and Board of Directors
City of Albany Capital Resource Corporation,
a Component Unit of the City of Albany
Albany, New York

Independent Auditors' Report

We have audited the accompanying statement of financial position of the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany (a nonprofit organization) 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Teal, Becker & Chiaramonte CPAs P.C.

Albany, New York
March 28, 2012

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statement Of Financial Position

December 31, 2011

Assets

Current assets:

Cash \$ 142,597

Total Assets \$ 142,597

Liabilities And Net Assets

Current liabilities:

Accounts payable \$ 21,000

Total liabilities 21,000

Net assets:

Unrestricted 121,597

Total net assets 121,597

Total Liabilities And Net Assets \$ 142,597

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statement Of Activities

For The Year Ended December 31, 2011

Changes in unrestricted net assets:

Revenues:

Fees	\$ 416,963
Interest income	173
Other income	<u>156</u>

Total revenues 417,292

Operating expenses:

Contractual expenses	198,395
Grant expenses	<u>100,401</u>

Total operating expenses 298,796

Increase in unrestricted net assets 118,496

Net assets - beginning 3,101

Net Assets - Ending \$ 121,597

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statement Of Cash Flows

For The Year Ended December 31, 2011

Operating activities:	
Increase in unrestricted net assets	\$ 118,496
Adjustments to reconcile increase in unrestricted net assets to net cash flows from operating activities:	
Changes in operating assets and liabilities:	
Accounts payable	<u>21,000</u>
Net cash flows from operating activities	<u>139,496</u>
Net increase in cash	139,496
Cash - beginning	<u>3,101</u>
Cash - Ending	<u>\$ 142,597</u>

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 1: Summary Of Significant Accounting Policies

Background information - The City of Albany Capital Resource Corporation, a Component Unit of the City of Albany (the Organization) was formed on April 16, 2010, pursuant to Sections 402 and 1411 of the Not-For-Profit Corporation Laws of the State of New York. The Organization promotes community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the City of Albany by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects.

Additionally, the Organization's purpose is to undertake projects and activities within the City of Albany for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City of Albany by attracting new industry to the City or by encouraging the development of, or retention of, an industry in the City, and lessening the burdens of government and acting in the public interest. The Directors of the Organization are appointed by the City of Albany's governing body. Organization's Directors have complete responsibility for management of the Organization and accountability for fiscal matters.

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 revenues, expenses, gains, and losses are classified based on the existence 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 or contractual stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 1: Summary Of Significant Accounting Policies (Continued)

Revenue bonds - The Organization may issue revenue bonds. The bonds are special obligations of the Organization payable solely from revenue derived from the leasing, sale, or other disposition of a project. As explained more fully in Note 2, there is no liability to the Organization; therefore, the obligations are not accounted for in the accounts of the Organization.

Income taxes - The Organization is exempt from federal income taxes under the Internal Revenue Code. Tax positions are evaluated and recognized in the financial statements when it is more-likely-than-not that the position will be sustained upon examination by tax authorities.

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. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Organization periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary. Actual results could differ from these estimates.

Note 2: Revenue Bond Transactions

Revenue bonds issued by the Organization are secured by property which is leased to private companies. The debt is retired by the lease payments. The bonds are not obligations of the Organization or New York State, and the Organization does not record related activity in its accounts. The Organization acts merely as a financing conduit. For providing this service, the Organization receives an administrative fee. Such administrative fee income is recognized immediately upon issuance of bonds. Revenue bonds outstanding as of December 31, 2011 total \$55,395,000.

Note 3: Concentrations Of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash in financial institutions. Accounts at each institution are insured up to Federal Deposit Insurance Corporation limits.

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Notes To Financial Statements

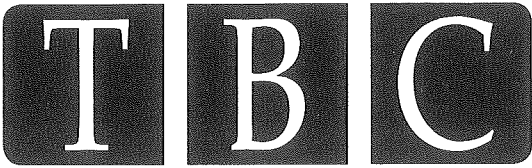
Note 4: Commitments And Contingencies

The Organization follows the guidance for uncertainty in income taxes. As of December 31, 2011, the Organization believes that it has appropriate support for the income tax positions taken and to be taken on its returns based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Organization has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits. The Organization is currently subject to federal, state, or local tax examination by the tax authorities from the initial period ending December 31, 2010.

Note 5: Subsequent Events

Subsequent events have been evaluated through March 28, 2012, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of
Financial Statements Performed In Accordance With
*Government Auditing Standards***

The Chairman and Board of Directors
City of Albany Capital Resource Corporation
a Component Unit of the City of Albany

We have audited the financial statements of the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany (a nonprofit organization) (the Organization), as of and for the year ended December 31, 2011, and have issued our report thereon dated March 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the Organization, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Paul Beecher & Charomonte CPAs P.C.

Albany, New York
March 28, 2012