

*THE COHOES LOCAL DEVELOPMENT CORPORATION*

*FINANCIAL REPORT*

*DECEMBER 31, 2011 AND 2010*

*THE COHOES LOCAL DEVELOPMENT CORPORATION*

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*DECEMBER 31, 2011 AND 2010*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
The Cohoes Local Development  
Corporation  
Cohoes, New York

We have audited the accompanying statements of financial position of The Cohoes Local Development Corporation ("LDC") (a non-profit corporation) as of December 31, 2011 and 2010 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the LDC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 Cohoes Local Development Corporation as of December 31, 2011 and 2010 and the changes in its net assets and cash flows for the years 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 February 6, 2012 on our consideration of the LDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
February 6, 2012

**THE COHOES LOCAL DEVELOPMENT CORPORATION**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

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**ASSETS**

	<b><u>2011</u></b>	<b><u>2010</u></b>
Assets		
Cash	\$ 325,770	\$ 279,055
Grants Receivable	<u>-</u>	<u>26,574</u>
Total Current Assets	325,770	305,629
Loans Receivable, Net	383,186	382,933
Land	<u>25,000</u>	<u>-</u>
	<b><u>\$ 733,956</u></b>	<b><u>\$ 688,562</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts Payable and Accrued Expenses	\$ 483	\$ 11,397
Deferred Revenue	<u>33,063</u>	<u>14,462</u>
Total Liabilities	<u>33,546</u>	<u>25,859</u>
Net Unrestricted Assets		
Designated	546,819	549,110
Unrestricted	<u>153,591</u>	<u>113,593</u>
Total Net Unrestricted Assets	<u>700,410</u>	<u>662,703</u>
	<b><u>\$ 733,956</u></b>	<b><u>\$ 688,562</u></b>

**THE COHOES LOCAL DEVELOPMENT CORPORATION**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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	<u>2011</u>	<u>2010</u>
Revenues:		
Federal Grants	\$ 21,255	\$ 182,896
New York State Grants	5,650	122,742
Commercial Grants	25,000	50,000
Interest on Loans	16,689	22,893
Program Income	22,434	26,174
Donated Land	25,000	-
Contributions	15,688	7,835
Bad Debts Recovered	15,011	-
Miscellaneous Income	<u>1,799</u>	<u>2,595</u>
Total Revenue	<u>148,526</u>	<u>415,135</u>
Expenses:		
Salaries	8,400	8,400
Fringe Benefits and Payroll Taxes	1,110	1,106
Grant Expenses	53,480	361,312
Contracted Services	22,330	21,260
Forgivable Loans	10,000	-
Marketing and Promotions	10,272	9,935
Farmers Market Expenses	2,746	2,171
Other Expenses	<u>2,481</u>	<u>4,610</u>
Total Expenses	<u>110,819</u>	<u>408,794</u>
Change in Net Assets	37,707	6,341
Net Assets, Beginning of Year	<u>662,703</u>	<u>656,362</u>
Net Assets, End of Year	<u>\$ 700,410</u>	<u>\$ 662,703</u>

**THE COHOES LOCAL DEVELOPMENT CORPORATION**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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	<u>2011</u>	<u>2010</u>
Cash Flows Used in Operating Activities:		
Change in Net Assets	\$ 37,707	\$ 6,341
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Bad Debts	11,840	-
Donated Land	(25,000)	-
Decrease in:		
Grants Receivable	26,574	(17,683)
(Decrease) Increase in:		
Accounts Payable and Accrued Expenses	(10,914)	10,387
Deferred Revenue	<u>18,601</u>	<u>(2,882)</u>
Net Cash (Provided by) Used In Operating Activities	<u>58,808</u>	<u>(3,837)</u>
Cash Flows Provided By (Used In) Investing Activities:		
Proceeds Loan Repayments	112,907	139,624
New Loans Disbursed	<u>(125,000)</u>	<u>(35,000)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(12,093)</u>	<u>104,624</u>
Net Increase in Cash	46,715	100,787
Cash, Beginning of Year	<u>279,055</u>	<u>178,268</u>
Cash, End of Year	<u>\$ 325,770</u>	<u>\$ 279,055</u>

**THE COHOES LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

The Cohoes Local Development Corporation (the "LDC") is a not-for-profit entity incorporated in the State of New York and formed to plan, promote, coordinate and execute programs in the City of Cohoes aimed at improving the quality of life of residents.

*Basis of Accounting and Reporting*

The financial statements of the LDC have been prepared on the accrual basis. Net assets of the LDC and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Any limitations placed on the use of a contribution that are no more specific than the broad limits of the LDC's purpose or mission are reported as unrestricted.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the LDC and/or the passage of time. The LDC had no temporarily restricted net assets as of December 31, 2011 and 2010.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the LDC. Generally, the donors of these assets permit the LDC to use all or part of the income earned on related investments for general or specific purposes. The LDC had no permanently restricted net assets as of December 31, 2011 and 2010.

*Allowance and Loan*

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectibility of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Because of uncertainties associated with the regional economic conditions, collateral value and future cash flows on impaired loans, it is reasonably possible that management's estimate of credit losses inherent in the loan portfolio and the related allowance may change materially in the near term. The allowance is increased by a provision for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries.

**THE COHOES LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011 AND 2010

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Revenue Recognition*

Revenue from cost-reimbursement grants/contracts is recognized when expenses relative to the grants/contracts are incurred. Cash received in excess of expenses incurred is recorded as deferred revenue. All monies not spent at the end of the contract period are to be returned to the grantor according to the terms of the contract. Accordingly, the LDC does not maintain any equity in these grant/contract agreements.

Revenue from entitlement grants/contracts is recognized in the period earned.

*Income Taxes*

The Agency is a Not-For-Profit Corporation as described in §501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes pursuant to §501(a) of the code.

*Fair Value*

For assets and liabilities measured at fair value on a recurring basis, the Accounting Standards Codification requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the LDC would receive upon selling an asset or be paid to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The LDC has no assets or liabilities measured at fair value on a recurring basis.

*Accounting for Uncertainty in Income Taxes*

The Accounting Standards Codification requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The LDC has not recognized any benefits or liabilities from uncertain tax positions in 2011 and believes it has no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine the LDC's tax returns for three years from the date of filing; consequently, tax returns for years prior to 2008 are no longer subject to examination by tax authorities.

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



**THE COHOES LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011 AND 2010

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Subsequent Events*

Management has evaluated subsequent events or transactions as to any potential material impact on operations of financial position occurring through February 6, 2012, the date the financial statements were available to be issued. No such events or transactions were identified.

**2. LOANS RECEIVABLE, NET**

Loans receivable consist of 24 loans to local businesses with interest rates ranging for 0% to 4%.

	<u>Amount</u>
Total Loans Receivable	\$ 555,478
Less: Allowance for Loan Losses	<u>(172,292)</u>
Loans Receivable, Net	<u>\$ 383,186</u>

Additionally, at December 31, 2011 four forgivable loans totaling \$45,000 were outstanding. Based on job creation/retention and after maintaining business in the City for five years these loans will be forgiven, and as a result, these loans have not been reflected in the balance sheet.

**3. DESIGNATED NET ASSETS**

Designated net assets consist of program income earned from previous U.S. Department of Housing and Urban Development grants which must be used for specific purposes.

**4. COMMITMENTS AND CONTINGENCIES**

The LDC participates in various grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the LDC's compliance with applicable grant/contract requirements will be established at some future date. The amount, if any, of any expenditures or funding which may be disallowed by the granting agencies cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

**THE COHOES LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011 AND 2010

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**4. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

The LDC has been awarded the following grants which have not been completed as of December 31, 2011:

	<b><u>Total Grant</u></b>	<b><u>Expended to Date</u></b>	<b><u>Unexpended</u></b>
2008 Home Investment Partnership Program (SHARS ID #20083254)	\$ 400,000	\$ 390,218	\$ 9,782

**5. CONCENTRATION OF CREDIT RISK**

At December 31, 2011, loans exceeding 10% of portfolio to one individual and/or related entities were as follows:

	<b><u>Total Loans Outstanding</u></b>	<b><u>% of Portfolio</u></b>
Loan A	\$ 72,500	13.1%
Loan B	\$ 61,471	11.1%

**OTHER FINANCIAL INFORMATION**

**ADDITIONAL REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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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**

Board of Directors  
The Cohoes Local Development  
Corporation

We have audited the financial statements of The Cohoes Local Development Corporation as of and for the year ended December 31, 2011, and have issued our report thereon dated February 6, 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 Cohoes Local Development Corporation'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 Cohoes Local Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Cohoes Local Development Corporation'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 entity'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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Cohoes Local Development Corporation'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 of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
February 6, 2012