

COLUMBIA COUNTY
CAPITAL RESOURCE CORPORATION
(a component unit of County of Columbia, New York)

FINANCIAL STATEMENTS
(and Reports of Independent Auditors)

December 31, 2011 and 2010

COLUMBIA COUNTY
CAPITAL RESOURCE CORPORATION
FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Chairman and Board of
Columbia County Capital Resource Corporation:

We have audited the accompanying financial statements of net assets of the Columbia County Capital Resource Corporation (a component unit of the County of Columbia, New York) ("The Corporation"), as of December 31, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years 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 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 the 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 respective financial position of the Columbia County Capital Resource Corporation as of December 31, 2011 and 2010, and the changes in financial position, 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 March 23, 2012, on our consideration of the Columbia County Capital Resource Corporation's internal control over financial reporting and on 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 2011 audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 and 4 and 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information on page 14 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
March 23, 2012

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS

1. Introduction:

Within this section of the Columbia County Capital Resource Corporation's (the Corporation) financial statements, the Corporation's management provides narrative discussion and analysis of the financial activities of the Corporation for the year ended December 31, 2011. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements for the fiscal year ended December 31, 2011.

2. Overview of the Financial Statements:

The Corporation's basic financial statements include: (1) financial statements, (2) notes to the financial statements, and (3) supplementary information.

A. Financial Statements

The Corporation's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Corporation is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See the notes to the financial statements for a summary of the Corporation's significant accounting policies.

The *Statements of Net Assets* present information on the Corporation's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Corporation's financial position.

The *Statements of Revenues, Expenses and Changes in Net Assets* present information showing how the Corporation's net assets changed during the most recent years. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relate to the flows of cash and cash equivalents. Consequently, only transactions that affect the Corporation's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the statements of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

B. Notes to Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the basic financial statements.

C. Supplementary Information

The Statement of Revenues and Expenditures - Budget and Actual provides a comparison of budget and actual information for the Corporation's operating accounts. The schedule of Conduit Bond Obligations is required by the Office of the State Comptroller. Supplementary information begins immediately following the notes to the financial statements.

See independent auditors' report

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Financial Highlights:

The revenue budget for 2011 was \$1,075 with a projected loss of \$33,925. There were no amendments to the budget during 2011.

Total revenue was under budget by 98% due to administration fees predicted for potential projects that never took place. Total expenditures were overall on budget, primarily due to increased contractual services provided by CARES Inc. offset by lower insurance costs.

4. Financial Statement Analysis:

Below is a comparative summary of the Corporation's Statement of Net Assets as of December 31:

	2011	2010
Assets	\$ 65,571	\$ 100,764
Net Assets	\$ 65,571	\$ 100,764

The Corporation's assets consist of cash in banks.

The Corporation did not have any liabilities as of December 31, 2011 and 2010.

	2011	2010
Revenues		
Administration fees	\$ -	\$ 146,962
Application fees	-	500
Interest	17	32
Total revenues	17	147,494
Expenditures	35,210	46,604
Total revenues in (deficiency)/excess of expenditures	(35,193)	100,890
Net assets at the beginning of the year	100,764	(126)
Net assets at the end of the year	\$ 65,571	\$ 100,764

See independent auditors' report

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5. Financial Statement Analysis (continued):

In 2010, the Corporation realized revenues of \$146,962 from administration fees attributable to the project bonds for Columbia Memorial Hospital and Camphill Ghent, Inc. In 2011 there were no new projects and therefore revenue decreased significantly. In 2010, expenditures were \$46,604, attributable to: administration fees paid to CEDC of \$30,000; a contractual agreement with CARES, Inc. for \$7,500; professional fees for \$6,328; as well as insurance for \$2,276; and office expenses for \$500. Expenditures in 2011 were \$35,210 and are attributable to: administration fees paid to CEDC of \$20,000; a contractual agreement with CARES, Inc. to develop and produce the Columbia County Ten Year Plan to End Homelessness for \$2,400; professional fees for \$10,235; as well as insurance for \$2,276; and office expenses for \$299.

In February 2011, the Corporation paid \$50,000 to the Chicago Title Agency for a refundable deposit on the possible purchase of the vacant Walmart Property in the Greenport Plaza on Fairview Avenue. The location was to serve as offices for services provided by Columbia County. In June 2011, the County Board of Supervisors decided to proceed on their own, with no involvement from the CRC. A full refund of the deposit was received.

See independent auditors' report

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
 STATEMENTS OF NET ASSETS
 December 31, 2011 and 2010

	2011	2010
ASSETS		
Assets:		
Cash and cash equivalents:		
Unrestricted:		
Checking	\$ 37,222	\$ 40,432
Savings	28,349	60,332
Total cash and cash equivalents	65,571	100,764
Total assets	\$ 65,571	\$ 100,764

LIABILITIES AND NET ASSETS

Net assets -		
Unrestricted	\$ 65,571	\$ 100,764
Total liabilities and net assets	\$ 65,571	\$ 100,764

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 For the years ended December 31, 2011 and 2010

	2011	2010
Revenues:		
Administation Fees	\$ -	\$ 146,962
Application Fees	-	500
Interest	17	32
Total revenues	17	147,494
Expenses:		
Administration	20,000	30,000
Contractual Services	2,400	7,500
Professional Fees	10,235	6,328
Insurance	2,276	2,276
Office	299	500
Total expenses	35,210	46,604
Net (decrease) increase in net assets	(35,193)	100,890
Net assets, beginning	100,764	(126)
Net assets, ending	\$ 65,571	\$ 100,764

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
STATEMENTS OF CASH FLOWS

For the years ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Interest received	\$ 17	\$ 32
Operating expenses paid	(35,210)	(46,604)
Deposit on potential Walmart project	(50,000)	(1,000)
Refund of deposit	50,000	147,462
Net cash (used)/provided for operating activities	(35,193)	99,890
Net (decrease) increase in cash and cash equivalents	(35,193)	99,890
Cash and cash equivalents at beginning of year	100,764	874
Cash and cash equivalents at end of year	\$ 65,571	\$ 100,764
Reconciliation of change in Net Assets to Net Cash		
Used for operating activities:		
Change in net assets	\$ (35,193)	\$ 100,890
Change in assets and liabilities:		
Decrease in accounts payable	-	(1,000)
Increase in deposit liability	50,000	-
Decrease in deposit liability	(50,000)	-
Net cash (used)/provided for operating activities	\$ (35,193)	\$ 99,890

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization:

The Columbia County Capital Resource Corporation was established in October, 2009 by the Columbia County Board of Supervisors under the Laws of New York State to promote economic growth in the County of Columbia, New York. The Corporation is exempt from federal, state and local income taxes. The Corporation is a component unit of the County of Columbia, New York.

The Corporation was formed under section 1411 of the New York State Not For Profit Corporation Law (the "NFPCCL"). The purpose of the Corporation is to assist not for profit entities that are undertaking projects that further the following purposes: reducing unemployment; promoting an increase in employment and job opportunities; improving, training, and instructing individuals of their capabilities for such jobs; and lessening the burdens of government and acting in the public interest. The Corporation may carry on research for the purpose of aiding a community or geographical area by attracting new industry to the community or area by encouraging development. This is done primarily through administering tax exempt bonds.

Summary of Significant Accounting Principles:

Basis of Accounting:

The financial statements of the Corporation have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with accounting principles generally accepted in the United States of America, the Corporation applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements to the extent these pronouncements do not conflict with GASB pronouncements. The Corporation applies FASB pronouncements, issued, on or after November 30, 1989. The government-wide financial statements include the Agency's only governmental fund (single enterprise fund).

Budgetary Data:

The budget policies are as follows:

In October of each year the Executive Director submits a tentative budget to the Board of Directors for the next fiscal year which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing.

Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of 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.

Revenue Recognition:

Revenue is recognized for administrative services performed related to bond issuances in the period the services are performed generally when the related bond issuances are finalized.

See independent auditors' report

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of Significant Accounting Principles (Continued):

Fund Balances:

Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) became effective during the year ended December 31, 2011. The Corporation is considered an enterprise fund and therefore, presents net assets instead of fund balances.

Subsequent Events:

Subsequent events have been evaluated through March 23, 2012, which is the date the financial statements were available to be issued.

3. Credit Risk:

For purposes of reporting cash flows, the Corporation considers cash in operating bank accounts, demand deposits, cash on hand, and highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents. As of December 31, 2011 and 2010, cash, which consists of one checking and one savings account, was covered by federal depository insurance up to \$250,000. Cash equivalent balances during the year rarely exceed FDIC-insured levels and when they do, it is only for a short period of time. Therefore, management believes the risk of loss is low.

	2011		2010	
	Bank Balance	Book Balance	Bank Balance	Book Balance
Key Bank Checking	\$ 37,372	\$ 37,222	\$ 42,880	\$ 40,432
Key Bank Savings	28,349	28,349	60,332	60,332
	\$ 65,721	\$ 65,571	\$ 103,212	\$ 100,764

4. Conduit Debt Obligations:

From time to time, the Columbia County Capital Resource Corporation issues negotiable bonds to provide financial assistance to not for profit entities for the acquisition and construction of facilities deemed to be in the interest of the public. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the not for profit entity served by the bond issuance. Neither the County of Columbia, Columbia County Capital Resource Corporation, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011 and 2010 there were (3) series of Bonds outstanding, with an aggregate principal amount payable of \$18,713,733 each year.

5. Related Party Transactions:

The Corporation pays an administrative fee to the Columbia Economic Development Corporation (CEDC) quarterly to pay for expenses that CEDC staff incurs for the Corporation. There are no outstanding fees to be paid at December 31, 2011 and 2010. The Corporation paid \$20,000 and \$30,000 to the CEDC during 2011 and 2010, respectively.

See independent auditors' report

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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*

To the Chairman and the Board
of Columbia County Capital Resource Corporation

We have audited the financial statements of Columbia County Capital Resource Corporation as of and for the year ended December 31, 2011 and have issued our report thereon dated March 23, 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 Columbia County Capital Resource 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 Columbia County Capital Resource Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Columbia County Capital Resource 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 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 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 Columbia County Capital Resource 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*.

We noted certain matters that we reported to management of Columbia County Capital Resource Corporation, in a separate letter dated March 23, 2012.

This report is intended solely for the information and use of management, others within the Corporation, awarding agencies, the Board of Directors and the Columbia County Board of Supervisors and is not intended to be and should not be used by anyone other than these specified parties.

Pattison, Koskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
March 23, 2012

SUPPLEMENTARY INFORMATION

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 Year ended December 31, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 75	\$ 17	\$ (58)
Application and administration fees	1,000	-	(1,000)
Total revenue	1,075	17	(1,058)
Expenditures:			
Professional fees	9,500	10,235	(735)
Contractual	-	2,400	(2,400)
Insurance	5,000	2,276	2,724
Office expense	500	299	201
Administration expense	20,000	20,000	-
Total expenditures	35,000	35,210	(210)
Total revenues in deficiency of expenditures	\$ (33,925)	\$ (35,193)	\$ (1,268)

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY CAPITAL RESOURCE CORPORATION
 SCHEDULE OF CONDUIT DEBT OBLIGATIONS
 Year ended December 31, 2011

	Outstanding Beginning of the Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Final Maturity Date	# of FTE		Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# of Current FTE Employees
						Employees at Project Location Before CRC Status	Original Estimate of Jobs to be Created			
<u>Bonds Listing</u>										
Columbia Memorial Hospital - Series A	\$ 12,945,000	\$ -	\$ -	\$ 12,945,000	2035	1088.53	-	1088.53	-	1172
Columbia Memorial Hospital - Series B	1,550,000	-	-	1,550,000	2015	1088.53	-	1088.53	-	1172
Camphill Ghent, Inc.	5,100,000	-	881,267	4,218,733	2040	-	37.8	-	-	18
	<u>\$ 19,595,000</u>	<u>\$ -</u>	<u>\$ 881,267</u>	<u>\$ 18,713,733</u>						

See accompanying notes and independent auditors' report.