

**GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION  
INDEPENDENT AUDITORS' REPORT  
FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

# GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION

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**Marvin** and  
company, p.c.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

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To The Board of Commissioners  
Greater Glens Falls Local Development Corporation  
Glens Falls, New York

We have audited the accompanying statement of financial position of Greater Glens Falls Local Development Corporation, a component unit of the City of Glens Falls, New York, 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 Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S generally accepted auditing standards 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 Greater Glens Falls Local Development Corporation as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2012 on our consideration of Greater Glens Falls Local Development 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 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.

*Marvin and Company, P.C.*

February 22, 2012

**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2011**

**ASSETS**

**Current Assets**

Cash - unrestricted	\$ 703,248
Cash - restricted	322,137
Grants and interest receivable	7,689
Loans receivable, current portion	28,095
Prepaid expense	7,019
Total Current Assets	<u>1,068,188</u>

**Property and Equipment**

Northway Business Park	450,076
Incubator property	329,961
Total Property and Equipment	<u>780,037</u>

**Other Assets**

Loans receivable, long-term portion	54,301
Total Other Assets	<u>54,301</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 1,902,526</u></b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Deferred revenue	\$ 7,236
Total Current Liabilities	<u>7,236</u>

**Net Assets**

Unrestricted	1,573,153
Temporarily restricted	322,137
Total Net Assets	<u>1,895,290</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,902,526</u></b>
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**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating Revenues</b>			
Grant revenue - state and local	\$ -	\$ 220,687	\$ 220,687
Fee revenue	6,997	-	6,997
Interest on loans	10,134	-	10,134
Loss on sale of building	(179,622)	-	(179,622)
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	(162,491)	220,687	58,196
	<hr/>	<hr/>	<hr/>
Net Assets Released from Restriction	146,687	(146,687)	-
	<hr/>	<hr/>	<hr/>
<b>Operating Expenses</b>			
Consulting fees	33,135	-	33,135
Contractual grant expenses	135,055	-	135,055
Contractual program expenses	15,300	-	15,300
Insurance	3,174	-	3,174
Miscellaneous	3,782	-	3,782
Office expense	4,291	-	4,291
Professional fees	42,358	-	42,358
Bad debts	33,200	-	33,200
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	270,295	-	270,295
	<hr/>	<hr/>	<hr/>
<b>Net Operating Income (Loss)</b>	(286,099)	74,000	(212,099)
	<hr/>	<hr/>	<hr/>
<b>Non-Operating Revenues (Expenses)</b>			
Interest revenue on time deposits, net of amounts returned to HUD	2,522	(321)	2,201
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	2,522	(321)	2,201
	<hr/>	<hr/>	<hr/>
<b>Increase (Decrease) in Net Assets</b>	(283,577)	73,679	(209,898)
	<hr/>	<hr/>	<hr/>
Reclassification of prior year net assets	396,864	(396,864)	-
	<hr/>	<hr/>	<hr/>
Net assets at Beginning of Year	1,459,866	645,322	2,105,188
	<hr/>	<hr/>	<hr/>
<b>Net Assets at End of Year</b>	<u>\$ 1,573,153</u>	<u>\$ 322,137</u>	<u>\$ 1,895,290</u>

**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Cash Flows From Operating Activities</b>	
Grant and fee revenue received	\$ 337,500
Loans disbursed	(54,500)
Loan principal payments received	184,664
Interest on loan payments received	10,134
Payments for operating expenses	(241,870)
Net Cash Provided (Used) by Operating Activities	<u>235,928</u>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sale of property and equipment	500,386
Interest revenue on time deposits	2,201
Net Cash Provided (Used) by Investing Activities	<u>502,587</u>
<b>Cash Flows from Financing Activities</b>	
Repayment of notes payable	(550,000)
Net Cash Provided (Used) by Financing Activities	<u>(550,000)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	188,515
Cash and Cash Equivalents at Beginning of Year	<u>836,870</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,025,385</u>
<b>Reconciliation of Increase in Net Assets to Net Cash Provided (Used) by Operating Activities</b>	
Change in net assets	\$ (212,099)
Adjustments to Reconcile Net Increase in Net Assets to Net Cash Provided (Used) By Operating Activities	
Bad debts	33,200
Loss on disposal of property, plant and equipment	179,622
(Increase) Decrease in:	
Grants and interest receivable	132,442
Loans receivable	130,164
Prepaid expense	(455)
Increase (Decrease) in:	
Deferred revenue	(22,626)
Accrued expenses	(4,320)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 235,928</u>

See accompanying notes to financial statements.

**GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Greater Glens Falls Local Development Corporation is presented to assist in understanding the Greater Glens Falls Local Development Corporation's financial statements. The financial statements and notes are representations of the Greater Glens Falls Local Development Corporation's management, which is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization

Greater Glens Falls Local Development Corporation was incorporated in November, 1984 under the Not-for-Profit Law of the State of New York for the purpose of relieving and reducing unemployment by promoting and providing job opportunities in the City of Glens Falls, New York. This is accomplished by making revolving loans to local businesses to enhance redevelopment, as well as further development of the central business district of the City.

The Local Development Corporation is a component unit of the City of Glens Falls, New York.

Financial Statement Presentation

The Organization has adopted FASB ASC 958-210. Under ASC 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Revenue Recognition

The Greater Glens Falls Local Development Corporation's primary source of operating revenue is from interest payments on loans issued and federal and New York State grant revenue. The LDC's primary source of non-operating revenue is interest earned on time deposits.

Accounting Method

The Greater Glens Falls Local Development Corporation accounts for all transactions on the accrual method of accounting.

Allowance for Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of outstanding loans receivable at the end of each year. As of December 31, 2011, management considers all loans receivable to be collectible and, therefore, the allowance for bad debts is \$-0-.

**GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 reporting period. Actual results could differ from those estimates.

Income Taxes

The Greater Glens Falls Local Development Corporation is exempt from federal income taxes as a not-for-profit corporation under tax section 501(c)(4) as determined by the Internal Revenue Service. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize their tax-exempt status. Management of the Greater Glens Falls Local Development Corporations is not aware of any events that could jeopardize their tax exempt status. Therefore, nor liability or provision for income tax has been reflected in the financial statements. Management believes that years prior to 2008 are no longer subject to IRS examination.

Concentrations of Credit Risk

Financial instruments which potentially expose the organization to concentrations of credit risk, as defined by Financial Accounting Standards Board Statement No. 105, consist primarily of loans receivable. Management considers the loans to be fully collectible at December 31, 2011.

Greater Glens Falls Local Development Corporation had funds on deposit at local banks totaling \$1,025,385 at December 31, 2011. These deposits are fully insured by Federal Deposit Insurance Corporation and pledged collateral.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Greater Glens Falls Local Development Corporation considers all highly liquid investments purchased with a maturity of 90 days or less to be cash equivalents.

Reclassifications

During the current year certain amounts previously reported as temporarily restricted net assets were determined to be unrestricted. As a result these amounts were reclassified from temporarily restricted net assets to unrestricted net assets. The reclassification had no effect on the total net assets.



**GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Loans Receivable

Loans receivable consisted of the following:

Loaned \$25,000 in May of 2011, due in monthly payments of \$354, including interest at 5% through July 2016.	\$ 23,432
Loaned \$29,500 in August 2011, due in monthly payments of \$1,294, including interest at 5%, through August 2013.	24,786
Loaned \$50,000 in August 2009, due in monthly payments of \$931, including interest at 4.5% through August 2014.	33,752
Loaned \$2,500 in December 2010, due in monthly payments of \$214, including interest at 5% through January 2012.	219
Loaned \$1,350 in December 2010, due in monthly payments of \$107, including interest at 5% through January 2012	<u>207</u>
Total Loans Receivable	82,396
Less: current portion	<u>28,095</u>
Loans Receivable, Long Term Portion	<u>\$ 54,301</u>

Property and Equipment

Property and equipment at December 31, 2011 are properties purchased for eventual resale. Costs to develop the parcels are capitalized as incurred. No depreciation expense is recorded.

Temporarily Restricted Net Assets

Temporarily restricted net assets include amounts required by grantor to be used for a specific purpose.

**2. RELATED PARTY TRANSACTIONS**

The Agency is related to the Glens Falls Industrial Development Agency in that they have an interlocking board of directors and they are both component units of the City of Glens Falls. During the year ended December 31, 2011 the Organization received funding from the Glens Falls Industrial development Agency in the amount of \$34,000.

**3. SUBSEQUENT EVENTS**

Management has evaluated all events subsequent to the balance sheet date of December 31, 2011 through February 22, 2012, which is the date these financial statements were available to be issued, and have determined that there are no subsequent events that require recording or disclosure.



**Marvin** and  
company, p.c.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITORS' 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  
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Board of Commissioners  
Greater Glens Falls Local Development Corporation  
Glens Falls, New York

We have audited the financial statements of the Greater Glens Falls Local Development Corporation, as of and for the year ended December 31, 2011, and have issued our report thereon dated February 22, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards 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

Management of the Greater Glens Falls Local Development Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Greater Glens Falls 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 Greater Glens Falls Local Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greater Glens Falls 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 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 the 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.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Glens Falls Local Development Corporation's financial statements are free of material misstatements, 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, the Board of Commissioners and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

*Marvin and Company, P.C.*

February 22, 2012