

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-8

LAKE CITY LDC, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets:		
Cash	\$16,806	\$22,343
Leasehold Improvements	0	581,117
Accumulated Depreciation	<u>0</u>	<u>(98,766)</u>
Total Assets	<u><u>\$16,806</u></u>	<u><u>\$504,694</u></u>
Liabilities and net assets:		
Loan - City of Plattsburgh	0	235,000
Total Liabilities	<u>0</u>	<u>235,000</u>
Net Assets:		
Unrestricted	16,806	269,694
Total Net Assets	<u>16,806</u>	<u>269,694</u>
Total Liabilities and Net Assets	<u><u>\$16,806</u></u>	<u><u>\$504,694</u></u>

See Independent Auditor's Report and Notes to the Financial Statements

LAKE CITY LDC, INC.
STATEMENT OF ACTIVITIES
For the Years Ended December 31, 2011 and 2010

	Unrestricted Funds 2011	Unrestricted Funds 2010
Revenues, gains, and other support:		
Lease Income	\$0	\$7,314
Grant-NYS Housing Trust Fund- Main Street	16,174	164,197
Other Income	455	0
Interest Income	27	34
	<hr/>	<hr/>
Total revenue, gains, and other support	16,656	171,545
Expenses:		
Program Services	268,149	198,756
Management and general	1,395	1,336
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Total Expenses	269,544	200,092
Change in net assets	(252,888)	(28,547)
Net assets at beginning of year	269,694	298,241
	<hr/>	<hr/>
Net assets at end of year	<u>\$16,806</u>	<u>\$269,694</u>

See Independent Auditor's Report and Notes to the Financial Statements

LAKE CITY LDC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2011 and 2010

EXPENSES	<u>Program Services</u>	<u>Management & General</u>	<u>2011 Total</u>	<u>2010 Total</u>
Grant Expenses-Main Street	\$16,174	\$0	\$16,174	\$164,380
Utilities-Dock Street	277	0	277	136
Marketing	408	0	408	288
Accountant Fees	0	1,285	1,285	425
Office Expense	0	0	0	23
Real Estate Taxes	2,438	0	2,438	3,128
Insurances	1,501	0	1,501	1,930
Filing Fees	0	110	110	110
Amortization of Leaseholds	247,351	0	247,351	29,373
TOTAL EXPENSES	<u>\$268,149</u>	<u>\$1,395</u>	<u>\$269,544</u>	<u>\$199,793</u>

See Independent Auditor's Report and Notes to the Financial Statements

LAKE CITY LDC, INC.
STATEMENT OF CASH FLOWS
For the Year ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from operating activities:		
Change in net assets	(\$252,888)	(\$28,547)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	247,351	29,372
Increase)Decrease) in Accrued Liabilities	0	0
Increase (Decrease) in Grant Advance	0	0
Net cash used by operating activities	<u>(5,537)</u>	<u>825</u>
 Cash flows from investing activities:		
Purchase of Leasehold Improvements	0	0
 Net cash used by investing activities	<u>0</u>	<u>0</u>
 Cash Flows from financing activities:		
Cash from City of Plattsburgh Loan	0	0
 Net cash from financing activities	<u>0</u>	<u>0</u>
 Net increase in cash and cash equivalents	(5,537)	825
 Cash and cash equivalents at beginning of year	<u>22,343</u>	<u>21,518</u>
 Cash and cash equivalents at end of year	<u><u>\$16,806</u></u>	<u><u>\$22,343</u></u>

Non Cash Transactions:

1. During 2011 the Lease and Leasehold Improvements were surrendered to the City of Plattsburgh in satisfaction of the \$235,000 Loan with the City of Plattsburgh.

See Independent Auditor's Report and Notes to the Financial Statements

LAKE CITY LOCAL DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

1.) **Summary of Significant Accounting Policies**

Nature of Activities

Lake City LDC., Inc. is a nonprofit corporation incorporated to help promote development, create jobs, and improve the economy of the city of Plattsburgh.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Revenue

Lake City LDC., Inc. receives the majority of its revenue from federal and NYS grants.

Income Taxes

Lake City LDC., Inc. is exempt from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes in the accompanying financial statements.

Property and Equipment

Property and equipment acquired with funds received are considered owned by the association and are recorded at cost. Donated property and equipment are recorded at fair value.

Lake City LDC capitalizes expenditures for property and equipment in excess of \$300.00. Depreciation of property and equipment is computed on a straight-line basis over the estimated service lives of the assets, after consideration of estimated salvage value.

<u>Asset Summary</u>	<u>Life</u>
Office Equipment	7-10 years
Computers	3-5 years
Leasehold Improvements	15-40 years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

2.) Leasehold Improvements

Property and equipment acquired with funds received are considered owned by the organization and are recorded at cost. Donated property and equipment are recorded at fair value. Lake City LDC has made improvements to the Dock Street property leased from the City of Plattsburgh, NY. During 2011 the Organization and the City of Plattsburgh agreed to surrender the lease and leasehold improvements made by Lake City LDC in satisfaction of the \$235,000 outstanding balance of the Loan to Lake City LDC by the City of Plattsburgh.

<u>2010</u>	<u>Cost</u>	<u>Amortization Expense</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Leasehold Improvements	\$581,117	\$29,372	\$98,766	\$482,351

3.) Loan - City of Plattsburgh

The organization has a \$251,500 line of credit with the City of Plattsburgh's UDAG Fund. The note is non-interest bearing until the Project shows a positive cash flow or is sold. The balance was \$0 at December 31, 2011 and \$235,000 at December 31, 2010. During 2011 Lake City LDC and the City of Plattsburgh agreed to surrender the lease and leasehold improvements made by Lake City LDC in satisfaction of the \$235,000 outstanding balance of the Loan to Lake City LDC by the City of Plattsburgh.