

**NIAGARA AREA DEVELOPMENT CORPORATION**  
**A Component Unit of**  
**Niagara County Industrial Development Agency**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Niagara Area Development Corporation

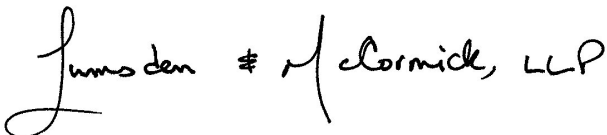
We have audited the accompanying balance sheet of Niagara Area Development Corporation (the Corporation), a component unit of Niagara County Industrial Development Agency (NCIDA), as of December 31, 2011, and the related statements of revenues, expenses and change in net assets and cash flows for the period from inception (September 12, 2011) to December 31, 2011. 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 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 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 Corporation as of December 31, 2011, and the changes in its net assets and its cash flows for the period from inception (September 12, 2011) to December 31, 2011 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 Corporation'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 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.

The Corporation has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.



March 28, 2012

**NIAGARA AREA DEVELOPMENT CORPORATION**  
**(A Component Unit of Niagara County Industrial Development Agency)**

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**Balance Sheet**

**December 31, 2011**

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**Assets**

**Current assets:**

Cash \$ 71,813

**Liabilities and Net Assets**

**Current Liabilities:**

Affiliate payable - NCIDA \$ 71,813

**Net assets:**

Unrestricted -

\$ 71,813

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**Statement of Revenues, Expenses and Changes in Net Assets**

**For the period from inception (September 12, 2011) through December 31, 2011**

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<b>Operating revenues:</b>	
Fees	\$ 71,550
<b>Expenses:</b>	
Transfer to NCIDA	<u>71,559</u>
Operating loss	(9)
<b>Nonoperating revenues:</b>	
Interest income	<u>9</u>
<b>Net gain</b>	-
Net assets - beginning of period	<u>-</u>
<b>Net assets - end of period</b>	<u>\$ -</u>

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NIAGARA AREA DEVELOPMENT CORPORATION  
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**Statement of Cash Flows**

For the period from inception (September 12, 2011) through December 31, 2011

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**Operating activities:**

Cash received from loan fees \$ 71,804

**Investing activities:**

Interest income 9

**Net change in cash** **71,813**

Cash - beginning of period -

Cash - end of period **\$ 71,813**

**Reconciliation of operating loss to net cash flows**

**from operating activities:**

Operating loss \$ (9)

Adjustments to reconcile operating loss to net cash flows

from operating activities:

Change in affiliate payable 71,813

**Net operating activities** **\$ 71,804**

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**NIAGARA AREA DEVELOPMENT CORPORATION**  
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**Notes to Financial Statements**

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

**Nature of Organization:**

Niagara Area Development Corporation (the Corporation), a governmental entity, was organized on September 12, 2011 to undertake and promote economic development initiatives in the Niagara County, New York area.

The Corporation is empowered to issue industrial revenue bonds for the benefit of not-for-profits. The bonds are not obligations of the Corporation or New York State. The Corporation does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange financing between the borrowing companies and the bond holders. Funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Corporation receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds. Simultaneously upon formation, the Corporation entered into an administrative agreement with NCIDA which requires that all earnings generated by the Corporation be remitted to NCIDA. Earnings for the period from inception (September 12, 2011) through December 31, 2011 totaled \$71,559.

In accordance with Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*" (as amended by GASB Statement 39), the Corporation is considered a component unit of Niagara County Industrial Development Agency (NCIDA). The Corporation is included in the statements of NCIDA as a blended component unit.

**Basis of Presentation:**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted

standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation applies all GASB pronouncements as well as applicable accounting and financial reporting guidance of GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

**Measurement Focus:**

The Corporation reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The Corporation's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

The Corporation's policy to define operating activities in the statements of revenues, expenses and changes in net assets are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include the Corporation's investment income.

**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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash:**

Investment policies are governed by New York State (the State) laws and as established in the Corporation's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Management is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned to it. At December 31, 2011, the Corporation's bank deposits were fully collateralized by FDIC coverage.

**Income Taxes:**

The Corporation is a governmental entity exempt from income taxes under §115 of the Internal Revenue Code. No tax filings are required and accordingly, no tax is paid.

**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 Board of Directors  
Niagara Area Development Corporation

We have audited the financial statements of Niagara County Industrial Development Agency (the Corporation), a component unit of Niagara County Industrial Development Agency, as of December 31, 2011 and for the period from inception (September 12, 2011) through 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 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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

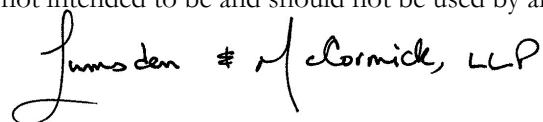
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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 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 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 and use of management and the Corporation's Board. It is not intended to be and should not be used by anyone other than these specified parties.



March 28, 2012