

NIAGARA POWER COALITION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara Power Coalition, Inc.

We have audited the accompanying balance sheets of Niagara Power Coalition, Inc. (the Coalition) (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Coalition'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 financial position of the Coalition as of December 31, 2011 and 2010, and the changes in its net assets and its 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 26, 2012, on our consideration of the Coalition'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.



March 26, 2012

NIAGARA POWER COALITION, INC.

Balance Sheets

December 31,	2011	2010
Assets		
Current assets:		
Cash	<u>\$ 14,036</u>	<u>\$ 55,800</u>
Amounts held for the benefit of		
Host Community Standing Committee (Note 3)	<u>7,510,969</u>	<u>6,842,531</u>
	<u>\$ 7,525,005</u>	<u>\$ 6,898,331</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	<u>\$ 23,724</u>	<u>\$ 5,686</u>
Amounts due to Host Community Standing Committee (Note 3)	<u>7,510,969</u>	<u>6,842,531</u>
Unrestricted net assets (deficit)	<u>(9,688)</u>	<u>50,114</u>
	<u>\$ 7,525,005</u>	<u>\$ 6,898,331</u>

NIAGARA POWER COALITION, INC.

Statements of Activities

For the years ended December 31,	2011	2010
Changes in unrestricted net assets:		
Revenue and other support:		
Membership dues	<u>\$ 17,213</u>	<u>\$ 36,112</u>
Expenses:		
Program		
Legal and other professional fees	<u>64,345</u>	<u>32,895</u>
Administrative		
Rent	6,000	6,000
Clerical assistance	5,055	4,501
Consulting	451	4,086
Meetings	1,164	650
Total expenses	<u>77,015</u>	<u>48,132</u>
Change in unrestricted net assets	(59,802)	(12,020)
Unrestricted net assets - beginning	<u>50,114</u>	<u>62,134</u>
Unrestricted net assets (deficit) - ending	<u>\$ (9,688)</u>	<u>\$ 50,114</u>

See accompanying notes.

NIAGARA POWER COALITION, INC.

Statements of Cash Flows

For the years ended December 31,	2011	2010
Operating activities:		
Change in unrestricted net assets	\$ (59,802)	\$ (12,020)
Adjustments to reconcile change in unrestricted net assets to net cash flows from operating activities:		
Changes in assets and liabilities:		
Prepaid expenses	-	2,625
Accounts payable	18,038	1,347
Net operating activities	(41,764)	(8,048)
Cash - beginning	55,800	63,848
Cash - ending	\$ 14,036	\$ 55,800

NIAGARA POWER COALITION, INC.

Notes to Financial Statements

1. Nature of Organization:

Niagara Power Coalition, Inc. (the Coalition) is a not-for-profit membership organization established to work with elected officials and representatives of the United States Federal Government and New York State Government in dealing with the New York State Power Authority (the Power Authority) and the relicensing of its Niagara County Facility. The Coalition is funded entirely by dues collected from seven governmental member organizations located within the boundaries of the Niagara Power Project. Coalition members include the County of Niagara, the City of Niagara Falls, the Town of Lewiston, the Town of Niagara, the Niagara Wheatfield Central School District, the Niagara Falls City School District and the Lewiston Porter Central School District.

2. Summary of Significant Accounting Policies:

Basis of Presentation:

The Coalition is required to report information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily and permanently restricted net assets. The Coalition does not currently maintain any temporarily or permanently restricted net assets.

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 26, 2012, the date the financial statements were available to be issued.

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

Cash:

At various times, cash in financial institutions may exceed federally insured limits and subject the Coalition to concentrations of credit risk.

Revenue Recognition:

The Coalition's revenue consists primarily of dues assessed the seven member organizations, and is recognized when billed.

Volunteer Services:

All members serve on a volunteer basis and are not paid for the time they devote to the management and operations of the Coalition. The Coalition's policy is to record revenue and expense for those specialized contributed services that the Coalition would be required to purchase at fair value had they not been contributed. Management has determined that member services do not meet these requirements and as such, no amounts have been reflected on the accompanying financial statements for the value of these services.

Income Taxes:

The Coalition is a 501(c)(4) corporation exempt from income taxes under Section 501(a) of the Internal Revenue Code. Management of the Coalition believes it is no longer subject to examination by Federal and State taxing authorities for years ended prior to December 31, 2008.

3. Amounts Held for the Host Community Standing Committee:

The Host Community Relicensing Agreement provides for the organization of the Host Community Greenway Fund Standing Committee (HC Committee) to administer and oversee projects financed by the Greenway Recreation/Tourism Fund. The HC Committee consists of all seven members of the Coalition and the Power Authority. The Power Authority is required to annually deposit \$3,000,000 into the Greenway/Recreation/Tourism Fund. The HC Committee has responsibility for selecting projects to be financed by the Fund, to ensure that funds that are used for construction and/or rehabilitation of parks, recreation, and related facilities, for the purpose of redefining the Niagara riverfront, promoting tourism, enhancing the environment, and advancing the economic revitalization of the Niagara River Greenway within Niagara County. Accounts are held for each of the Host Communities in a master money market account. The funds are allocated among the individual Host Community accounts in accordance with the percentages stated in the Coalition's by-laws (which allocation percentages can only be amended by unanimous vote of the Coalition's members). The Coalition, however, has no control over the approval of the projects or the disbursement of monies from the Host Community.

Fund balances and allocation percentages as of December 31, 2011 and 2010 are as follows:

		2011	2010
Niagara Falls City School District	14%	\$ 2,124,130	\$ 1,697,968
Lewiston Porter Central School District	14%	1,271,731	848,504
Niagara Wheatfield Central School District	12%	1,820,653	1,455,371
City of Niagara Falls	17%	781,841	270,930
Town of Lewiston	17%	373,105	556,726
County of Niagara	13%	703,624	1,576,684
Town of Niagara	13%	391,109	391,572
		<u>7,466,193</u>	<u>6,797,755</u>
Checking account		44,776	44,776
		<u>\$ 7,510,969</u>	<u>\$ 6,842,531</u>

As of December 31, 2011, a total of 17 projects had been approved for funding approximating \$31,375,000, and approximately \$7,651,000 had been disbursed.

Funding summary for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Beginning of year balance	\$ 6,842,531	\$ 5,773,563
Power Authority contributions	3,000,000	3,000,000
Interest earned	19,395	28,542
Project payments:		
Town of Niagara	(391,000)	-
City of Niagara Falls	-	(850,000)
Town of Lewiston	(694,950)	(1,109,574)
Niagara County	(1,265,007)	-
End of year balance	<u>\$ 7,510,969</u>	<u>\$ 6,842,531</u>