

**GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
DECEMBER 31, 2010**

GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION

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Marvin and
company, p.c.

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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, 2010, 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, 2010, 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 17, 2011 on our consideration of Greater Glens Falls Local Development Corporation's internal control over financial reporting and 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 audit.

Marvin and Company, P.C.

February 17, 2011

**GREATER GLENS FALLS
LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010**

ASSETS

Current Assets

Cash - unrestricted	\$ 151,979
Cash - restricted	684,891
Grants and interest receivable	140,131
Loans receivable, current portion	93,713
Prepaid expense	6,564
Total Current Assets	<u>1,077,278</u>

Property and Equipment

Northway Business Park	447,298
Incubator property	329,961
Madden property	682,786
Total Property and Equipment	<u>1,460,045</u>

Other Assets

Loans receivable, long-term portion	<u>152,047</u>
Total Other Assets	<u>152,047</u>

TOTAL ASSETS

\$ 2,689,370

LIABILITIES AND NET ASSETS

Current Liabilities

Deferred revenue	\$ 29,862
Accrued interest	4,320
Note payable	550,000
Total Current Liabilities	<u>584,182</u>

Net Assets

Unrestricted	1,459,866
Temporarily restricted	645,322
Total Net Assets	<u>2,105,188</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 2,689,370

**GREATER GLENS FALLS
LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating Revenues			
Grant revenue - state and local	\$ 174,884	\$ 98,566	\$ 273,450
Fee revenue	16,849	-	16,849
Interest on loans	10,198	-	10,198
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	201,931	98,566	300,497
	<hr/>	<hr/>	<hr/>
Net Assets Released from Restriction	128,219	(128,219)	-
	<hr/>	<hr/>	<hr/>
Operating Expenses			
Consulting fees	64,165	-	64,165
Contractual grant expenses	115,255	-	115,255
Contractual program expenses	45,655	-	45,655
Insurance	12,964	-	12,964
Miscellaneous	2,745	-	2,745
Office expense	4,580	-	4,580
Interest expense	4,320	-	4,320
Professional fees	41,525	-	41,525
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	291,209	-	291,209
	<hr/>	<hr/>	<hr/>
Net Operating Income (Loss)	38,941	(29,653)	9,288
	<hr/>	<hr/>	<hr/>
Non-Operating Revenues (Expenses)			
Interest revenue on time deposits, net of amounts returned to HUD	2,685	(353)	2,332
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	2,685	(353)	2,332
	<hr/>	<hr/>	<hr/>
Increase (Decrease) in Net Assets	41,626	(30,006)	11,620
	<hr/>	<hr/>	<hr/>
Net assets at Beginning of Year	1,418,240	675,328	2,093,568
	<hr/>	<hr/>	<hr/>
Net Assets at End of Year	<u>\$ 1,459,866</u>	<u>\$ 645,322</u>	<u>\$ 2,105,188</u>

**GREATER GLENS FALLS
LOCAL DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Cash Flows From Operating Activities	
Grant and fee revenue received	\$ 206,823
Loans disbursed	(3,747)
Loan principal payments received	57,589
Interest on loan payments received	10,198
Payments for operating expenses	(284,959)
Net Cash Provided (Used) by Operating Activities	<u>(14,096)</u>
Cash Flows from Investing Activities	
Property and equipment purchased	(685,434)
Interest revenue on time deposits	2,332
Net Cash Provided (Used) by Investing Activities	<u>(683,102)</u>
Cash Flows from Financing Activities	
Proceeds of notes payable	650,000
Repayment of notes payable	(100,000)
Net Cash Provided (Used) by Financing Activities	<u>550,000</u>
Net Decrease in Cash and Cash Equivalents	(147,198)
Cash and Cash Equivalents at Beginning of Year	<u>984,068</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 836,870</u></u>
Reconciliation of Increase in Net Assets to Net Cash Provided (Used) by Operating Activities	
Net Increase in Net Assets	\$ 11,620
Adjustments to Reconcile Net Increase in Net Assets to Net Cash Provided (Used) By Operating Activities	
(Increase) Decrease in:	
Grants and interest receivable	(61,903)
Loans receivable	39,635
Prepaid expense	1,930
Increase (Decrease) in:	
Deferred revenue	(9,698)
Accrued expenses	4,320
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (14,096)</u></u>

See accompanying notes to financial statements.

GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010, 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, 2010

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.

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, 2010.

Greater Glens Falls Local Development Corporation had funds on deposit at local banks totaling \$836,870 at December 31, 2010. 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.

**GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Loans Receivable

Loans receivable consisted of the following:

Loaned \$35,000 in September 2006, interest free, the loan is delinquent, but management believes it is still collectible	\$ 23,200
Loaned \$155,000 in January 2003, due in monthly payments of \$1,675, including interest at 3.5%, through March 2011.	75,585
Loaned \$130,761 in July 2006, due in monthly payments of \$1,034, including interest at 5% through July 2021.	102,884
Loaned \$50,000 in August 2009, due in monthly payments of \$931, including interest at 4.5% through August 2014.	40,237
Loaned \$2,500 in December 2010, due in monthly payments of \$214, including interest at 5% through January 2012.	2,500
Loaned \$1,350 in December 2010, due in monthly payments of \$107, including interest at 5% through January 2011	<u>1,354</u>
Total Loans Receivable	245,760
Less: current portion	<u>93,713</u>
Loans Receivable, Long Term Portion	<u>\$ 152,047</u>

Although one loan is delinquent, it is considered to be collectible, therefore no allowance for doubtful accounts was established.

Property and Equipment

Property and equipment at December 31, 2010 are properties purchased for eventual resale. Costs to develop the parcels are capitalized as incurred. No depreciation expense is recorded.

One property, the Incubator Property, is owned in a joint venture with four other municipal and not-for-profit organizations. The costs recorded are those incurred only by the LDC.

Temporarily Restricted Net Assets

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

2. NOTES PAYABLE

The Organization entered into a note payable on October 15 for the initial purchase of property in the amount of \$650,000. The note matures 120 days after issue. The note bears interest at 3.25%. Interest and principal is due at maturity. Payments in the amount of \$100,000 were made during the year ended December 31, 2010. The outstanding balance as of December 31, 2010 is \$550,000.

GREATER GLENS FALLS LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

3. 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, 2010 the Organization received funding from the Glens Falls Industrial development Agency in the amount of \$57,269.

4. SUBSEQUENT EVENTS

Management has evaluated all events subsequent to the balance sheet date of December 31, 2010 through February 17, 2011, 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.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
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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, Glens Falls, New York, as of and for the year ended December 31, 2010, and have issued our report thereon dated February 17, 2011. 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

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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.

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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.



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 17, 2011