

**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION**

**Independent Auditor's Report**

**Financial Statements**

**December 31, 2016**



**WHITTEMORE, DOWEN  
& RICCIARDELLI, LLP**

**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION**

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Greater Glens Falls Local Development Corporation (a nonprofit corporation), a component unit of the City of Glens Falls, New York, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017, 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* in considering Greater Glens Falls Local Development Corporation's internal control over financial reporting and compliance.

*Whittemore, Downen & Ricciardelli, LLP*

Whittemore, Downen & Ricciardelli, LLP  
Queensbury, New York

January 30, 2017

**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION**

Statement of Financial Position

December 31, 2018

ASSETS	USDA Relending Program	Restricted CDBG Relending Program	Local Money and Grants	Unrestricted	Total
<b>Current Assets:</b>					
Cash - unrestricted	\$ -	\$ -	\$ -	\$ 40,884	\$ 40,884
Cash - restricted	54,083	117,110	108,481	-	277,684
Cash - loan loss reserve	8,721	-	-	-	8,721
Loans receivable, current portion	20,059	12,479	-	8,302	38,840
Other receivable	-	-	-	738	738
Prepaid expense	-	-	-	3,997	3,997
<b>Total Current Assets</b>	<b>82,873</b>	<b>129,589</b>	<b>108,481</b>	<b>51,918</b>	<b>370,882</b>
<b>Property and Equipment:</b>					
Tech Meadows property	-	-	-	1,421,165	1,421,165
Incubator property	-	-	329,961	-	329,961
<b>Total Property and Equipment</b>	<b>-</b>	<b>-</b>	<b>329,961</b>	<b>1,421,165</b>	<b>1,751,126</b>
<b>Other Assets:</b>					
Loans receivable, net of current portion	125,296	27,310	-	80,246	212,852
Property held for resale	-	-	-	259,843	259,843
<b>Total Other Assets</b>	<b>125,296</b>	<b>27,310</b>	<b>-</b>	<b>320,189</b>	<b>472,795</b>
<b>Total Assets</b>	<b>\$ 208,169</b>	<b>\$ 156,899</b>	<b>\$ 438,442</b>	<b>\$ 1,793,273</b>	<b>\$ 2,594,783</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,202	\$ 2,202
Current portion of long-term debt	7,803	-	-	-	7,803
Deferred revenue	-	-	18,675	-	18,675
<b>Total Current Liabilities</b>	<b>7,803</b>	<b>-</b>	<b>18,675</b>	<b>2,202</b>	<b>28,680</b>
Long-term debt, net of current portion	128,805	-	-	-	128,805
<b>Total Liabilities</b>	<b>136,608</b>	<b>-</b>	<b>18,675</b>	<b>2,202</b>	<b>157,485</b>
<b>Net Assets:</b>					
Unrestricted	71,581	156,899	417,787	1,791,071	1,791,071
Temporarily restricted	-	-	-	-	848,227
<b>Total Net Assets</b>	<b>71,581</b>	<b>156,899</b>	<b>417,787</b>	<b>1,791,071</b>	<b>2,437,298</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 208,169</b>	<b>\$ 156,899</b>	<b>\$ 438,442</b>	<b>\$ 1,793,273</b>	<b>\$ 2,594,783</b>

See Independent Auditor's Report and Notes

**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION**

Statement of Activities

Year Ended December 31, 2018

	USDA Relending Program	Restricted CDBG Relending Program	Local Money and Grants	Unrestricted	Total
<b>Operating Revenues:</b>					
Fee revenue	\$ 492	\$ -	\$ -	\$ 280	\$ 752
Interest on loans	7,632	2,500	-	3,508	13,640
<b>Total Operating Revenues</b>	<b>8,124</b>	<b>2,500</b>	<b>-</b>	<b>3,768</b>	<b>14,392</b>
<b>Operating Expenses:</b>					
Advertising expense	-	-	-	3,234	3,234
Consulting fees	-	-	7,313	-	7,313
Contractual grant expenses	-	-	3,465	-	3,465
Insurance	-	-	-	15,188	15,188
Miscellaneous	-	-	-	220	220
Office expense	-	-	-	2,510	2,510
Interest	1,175	-	-	-	1,175
Management fee	-	-	-	7,500	7,500
Property taxes	-	-	-	1,787	1,787
Professional fees	-	-	1,224	20,971	22,195
<b>Total Operating Expenses</b>	<b>1,175</b>	<b>-</b>	<b>12,002</b>	<b>51,410</b>	<b>64,587</b>
<b>Net Operating Income (Loss)</b>	<b>6,949</b>	<b>2,500</b>	<b>(12,002)</b>	<b>(47,642)</b>	<b>(50,185)</b>
<b>Non-Operating Revenues (Expenses):</b>					
Interest income	28	95	38	59	220
Interest expense	-	(52)	(170)	-	(222)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>28</b>	<b>43</b>	<b>(132)</b>	<b>59</b>	<b>(2)</b>
<b>Increase (Decrease) In Net Assets</b>	<b>6,977</b>	<b>2,543</b>	<b>(12,134)</b>	<b>(47,583)</b>	<b>(50,197)</b>
<b>Net Assets at Beginning of Year</b>	<b>64,584</b>	<b>154,356</b>	<b>428,901</b>	<b>1,838,854</b>	<b>2,487,495</b>
<b>Net Assets at End of Year</b>	<b>\$ 71,561</b>	<b>\$ 156,899</b>	<b>\$ 417,767</b>	<b>\$ 1,791,071</b>	<b>\$ 2,437,298</b>

See Independent Auditor's Report and Notes

**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION**

**Statement of Cash Flows**

**Year Ended December 31, 2016**

<b>Cash Flows From Operating Activities:</b>	
Grant and fee revenue received	\$ 752
Loan principal payments received	46,945
Interest on loan payments received	13,640
Payments for operating expenses	<u>(64,181)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><b>(2,844)</b></u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Principal payments on notes	<u>(7,994)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u><b>(7,994)</b></u>
<b>Cash Flows From Investing Activities:</b>	
Interest revenue on time deposits, net of interest repaid	<u>(2)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u><b>(2)</b></u>
<b>Net Decrease In Cash, Cash Equivalents, and Restricted Cash</b>	<b>(10,840)</b>
<b>Cash, Cash Equivalents, and Restricted Cash at Beginning of Year</b>	<u><b>338,129</b></u>
<b>Cash, Cash Equivalents, and Restricted Cash at End of Year</b>	<u><b>\$ 327,289</b></u>
<b>Reconciliation of Net Operating Loss to Net Cash</b>	
<b>Provided (Used) by Operating Activities:</b>	
Net Operating Loss	\$ (50,195)
<b>Adjustments to Reconcile Net Operating Loss to Net</b>	
<b>Cash Provided (Used) by Operating Activities:</b>	
<b>(Increase) Decrease in:</b>	
Other receivable	(736)
Loans receivable	46,945
Prepaid expense	(65)
<b>Increase (Decrease) In:</b>	
Accounts payable	<u>1,207</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><b>\$ (2,844)</b></u>

See Independent Auditor's Report and Notes

GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2016

**Summary of Significant Accounting Policies**

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

**Organization**

The Organization 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.

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

**Financial Statement Presentation**

The Organization reports 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. The Organization does not have any permanently restricted net assets at December 31, 2016.

The following classes of net assets are maintained:

**Unrestricted Net Assets**

The unrestricted net asset class includes general and board designated assets and liabilities of the Organization. The unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets include donations for a particular asset or program. When the contribution is used for the purpose intended, the amount is released to unrestricted net assets.

**Revenue Recognition**

The Organization's primary source of operating revenue is from interest payments on loans issued and Federal and New York State grant revenue. The Organization's primary source of non-operating revenue is interest earned on time deposits.

The Organization reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Accounting Method**

The Organization accounts for all transactions on the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Operating revenues and expenses, those associated with providing the services of the Organization, are distinguished from non-operating items. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.



GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2016

**Summary of Significant Accounting Policies – Continued**

**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, 2016, management considers all loans receivable to be collectible and, therefore, the allowance for bad debts is \$-0-.

**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 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 Organization is exempt from income taxes as a not-for-profit corporation under tax section 501(c)(4) as determined by the Internal Revenue Service and, accordingly, these financial statements do not reflect a provision for income taxes. As of December 31, 2016 the tax years that remain subject to examination by tax authorities begin with 2013.

**Cash**

The Organization's December 31, 2016 bank balances were collateralized and insured as follows:

Total on deposit	\$ 328,283
Insured by FDIC	(250,000)
Collateralized by pledged securities held by a financial institution	<u>(78,283)</u>
Amount at risk	<u>\$ -</u>

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of 90 days or less to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

Cash and cash equivalents	\$ 40,884
Restricted cash – loan loss reserve	8,721
Restricted cash	<u>277,684</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 327,289</u>

Amounts included in restricted cash – loan loss reserve represent those amounts required by the United States Department of Agriculture's intermediate relending programs to be held in a separate account.

Amounts included in restricted cash represent those required to be set aside for the purposes described in the Temporarily Restricted Net Assets note on page 10 of the notes to financial statements.

GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2016

**Summary of Significant Accounting Policies – Continued**

**Advertising**

The Organization expenses advertising as Incurred. Advertising expense was \$3,234 for the year ended December 31, 2016.

**Adoption of New Accounting Standard**

During the year ended December 31, 2016, the Organization early implemented the provisions of Financial Accounting Standards Board Accounting Standard Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This standard requires certain disclosures related to cash, cash equivalents and restricted cash.

**Loans Receivable**

Loans receivable consisted of the following:

	<u>Temporarily Restricted</u>		<u>Unrestricted</u>
	<u>USDA</u>	<u>CDBG</u>	
1) Loaned \$40,000 in November 2014, due in monthly payments of \$654, including interest of 5.5% through November 2020.	\$ 27,576	\$ -	\$ -
2) Loaned \$150,000 in May 2014, due in monthly payments of \$1,573, including interest at 4.75%, through May 2021 when a balloon payment is due.	117,779	-	-
3) Loaned \$10,000 in March 2014, due in monthly payments of \$188, including interest at 4.75%, through March 2019.	-	4,794	-
4) Loaned \$30,000 in September 2015, due in monthly payments of \$438, including interest at 6%, through August 2022.	-	25,049	-
5) Loaned \$75,000 in August 2015, due in monthly payments of \$811, including interest at 5%, through May 2025.	-	-	66,548
6) Loaned \$25,000 in June 2014, due in monthly payments of \$574, including interest at 4.85% through June 2018.	-	9,948	-
<b>Total loans receivable</b>	<b>145,355</b>	<b>39,789</b>	<b>66,548</b>
<b>Less: current portion</b>	<b>(20,059)</b>	<b>(12,479)</b>	<b>(6,302)</b>
<b>Loans receivable, net of current portion</b>	<b>\$ 125,296</b>	<b>\$ 27,310</b>	<b>\$ 60,246</b>

No loans are delinquent and they are all considered to be 100% collectible, therefore no allowance for doubtful accounts was established.

**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION**

**Notes to Financial Statements**

**December 31, 2016**

**Property and Equipment**

Property and equipment at December 31, 2016 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 property was originally acquired with the intention of using it to house start-up businesses that would share common services. The Organization has since determined that this will not be feasible and is exploring other uses for the property. This property is not being depreciated because it is not in use. The costs recorded are those incurred only by the Organization.

The Tech Meadows Campus and Infrastructure is a parcel of land in Glens Falls, New York that has been developed by the Organization to attract manufacturing and other businesses. The Campus consists of six remaining building lots which will be sold to business entities that construct and operate their facilities on the site. The infrastructure consists of roads, water, sewer, and utilities to make the lots ready for immediate development. The Organization uses the modified approach to account for infrastructure assets and is not required to report depreciation expense on those assets. The cost of maintaining the infrastructure is expensed as incurred.

The Organization did not record any depreciation expense during the year ended December 31, 2016.

**Long-Term Debt**

Note payable to United States Department of Agriculture, in annual installments of \$9,169, including interest at 1% and secured by cash, loans receivable and the remaining assets of the corporation and related agencies, maturing October 2041.

	<b>\$ 136,608</b>
Total long-term debt	136,608
Less: current portion	(7,803)
Long-term debt, net of current portion	<b>\$ 128,805</b>

Maturities of the long-term debt are as follows:

Years ending	
December 31,	
2017	\$ 7,803
2018	7,881
2019	7,960
2020	8,039
2021	8,120
Thereafter	96,805
Total	<b>\$ 136,608</b>

Total interest expense recognized for the year ended December 31, 2016 was \$1,175.

GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2016

**USDA Intermediary Relending Program**

The Organization entered into a loan agreement on November 24, 2011 with the U.S. Department of Agriculture for \$216,000 to be paid back over 30 years at a fixed rate of 1%. Interest only was paid for the first three years. Principal and interest payments are made in 27 equal annual installments with any remaining balance being paid 30 years from the date of the note. A stipulation of this program is that the Organization must match a portion of the loan. The Organization's matching requirement was \$54,000 making the program funds total \$270,000. As of December 31, 2016, the Organization has drawn down \$152,000 and has made two loans.

**Deferred Revenue**

The Organization had received an advance payment for a study that had not been started as of December 31, 2016; therefore, the advance of \$18,675 was recorded as deferred revenue. The Organization expects to use the monies in 2017.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2016 are available for the following purposes:

For economic development activities in accordance with the United States Department of Housing and Urban Development (HUD) guidelines (CDBG).	\$ 156,899
To be used to make loans for United States Department of Agriculture (USDA) eligible projects in the City of Glens Falls. This is a revolving account, as loans are repaid, funds are replenished.	71,561
To be used for a grant on Warren Street.	17
To be used to develop a small business incubation building in the City of Glens Falls.	<u>417,750</u>
Total	<u>\$ 646,227</u>

**Related Party Transactions**

The following transactions occurred between the Organization and a related party, the City of Glens Falls and its respective agencies.

Payroll reimbursement expenses	\$ 2,194
Incubator expenses	360

GREATER GLENS FALLS  
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Notes to Financial Statements

December 31, 2016

**Contingent Loss**

Greater Glens Falls Local Development Corporation owns "Brownfield" property with a cost of \$329,961, part of which was covered by federal and state grants. It was appraised for only \$115,000 in 2011; thus the Organization may incur a loss upon future sale.

**Subsequent Events**

The Organization has evaluated all events through January 30, 2017, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.



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INDEPENDENT AUDITOR'S 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

To the Board of Directors of  
Greater Glens Falls Local Development Corporation  
Glens Falls, New York

We have audited, in accordance with the 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, the financial statements of Greater Glens Falls Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated January 30, 2017.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Greater Glens Falls Local Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater Glens Falls Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Greater Glens Falls Local Development Corporation's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Greater Glens Falls Local Development Corporation's financial statements are free from 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*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Whittemore, Downen & Ricciardelli, LLP*

Whittemore, Downen & Ricciardelli, LLP  
Queensbury, New York

January 30, 2017

**GREATER GLENS FALLS  
LOCAL DEVELOPMENT CORPORATION**

**Schedule of Findings and Responses**

**December 31, 2016**

**No findings for 2016.**



**GREATER GLENS FALLS  
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**Schedule of Status of Findings and Responses**  
**From 2015 Report**

**No findings for 2015.**