

**BINGHAMTON LOCAL
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

AUGUST 31, 2011

BINGHAMTON LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

AUGUST 31, 2011

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Piaker & Lyons
CERTIFIED PUBLIC ACCOUNTANTS
Established in 1955

Philip M. Piaker, CPA
(1921-2009)
Abraham L. Piaker, CPA
(1925-2005)

Of Counsel:

Allan R. Lyons, CPA
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Binghamton Local Development Corporation
Binghamton, New York

We have audited the accompanying statement of financial position of BINGHAMTON LOCAL DEVELOPMENT CORPORATION (a non-profit organization), a component unit of the City of Binghamton, as of August 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 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 Binghamton Local Development Corporation as of August 31, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. We have previously examined the financial statements for the year ended August 31, 2010, on which we expressed an unqualified opinion. The data from that report has been included for the purpose of comparison.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2011, on our consideration of Binghamton 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 the internal control over financial reporting or 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.

Piaker & Lyons

Board of Directors
Binghamton Local Development Corporation
Binghamton, New York
November 9, 2011

In accordance with *New York State Public Authorities Law*, we have also issued a report dated November 9, 2011, on our consideration of management's assertions of Binghamton Local Development Corporation's internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is not an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Binghamton Local Development Corporation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



PIAKER & LYONS, P.C.

Binghamton, New York
November 9, 2011

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2011
WITH COMPARATIVE TOTALS FOR 2010

	<u>Unassigned</u>	<u>Temporarily Restricted</u>	<u>Nonspendable</u>	<u>2011</u>	<u>2010</u>
Current Assets					
Cash and Cash Equivalents	\$ 7,314	\$ 1,110,707	\$ -	\$ 1,118,021	\$ 1,155,211
Current Portion of Loans Receivable		196,111	-	196,111	\$ 220,036
Grant Receivable	<u>-</u>	<u>29,000</u>	<u>-</u>	<u>29,000</u>	<u>29,000</u>
Total Current Assets	7,314	1,335,818	-	1,343,132	1,404,247
 Loans Receivable, Net of Current Portion Less Allowance for Uncollectibles of \$254,000 in 2011 and 2010	 -	 1,553,113		 1,553,113	 1,372,584
Investments	-	-	136,954	136,954	136,954
Land	<u>-</u>	<u>-</u>	<u>68,000</u>	<u>68,000</u>	<u>68,000</u>
 TOTAL ASSETS	 \$ 7,314	 \$ 2,888,931	 \$ 204,954	 \$ 3,101,199	 \$ 2,981,785
 Current Liabilities:					
Accounts Payable	\$ -	\$ 242	\$ -	\$ 242	\$ 7,711
Total Liabilities	<u>-</u>	<u>242</u>	<u>-</u>	<u>242</u>	<u>7,711</u>
 Net Assets:					
Unassigned	7,314	-	-	7,314	10,113
Temporarily Restricted	-	2,888,689	-	2,888,689	-
Nonspendable	<u>-</u>	<u>-</u>	<u>204,954</u>	<u>204,954</u>	<u>2,963,961</u>
Total Net Assets	7,314	2,888,689	204,954	3,100,957	2,974,074
 TOTAL LIABILITIES AND NET ASSETS	 \$ 7,314	 \$ 2,888,931	 \$ 204,954	 \$ 3,101,199	 \$ 2,981,785

See the accompanying notes to financial statements.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011
WITH COMPARATIVE TOTALS FOR 2010

	<u>Unassigned</u>	<u>Temporarily Restricted</u>	<u>Nonspendable</u>	<u>2011</u>	<u>2010</u>
Support and Revenue					
Donations	\$ 5,400	\$ 2,500	\$ -	\$ 7,900	\$ 16,125
City of Binghamton Grant					
UDAG Repayments	-	57,410	-	57,410	56,094
CDBG HUD Funds	-	336,360	-	336,360	253,701
Total City of Binghamton Grants	-	393,770	-	393,770	309,795
Interest Income					
CDBG Loan Interest	-	38,278	-	38,278	48,350
UDAG Loan Interest	-	31,487	-	31,487	27,210
Other Interest Income	10	1,007	-	1,017	1,128
Total Interest Income	10	70,772	-	70,782	76,688
Other Grants					
Broome Triad Income	74,235	-	-	74,235	70,269
Restore Grant	-	-	-	-	29,000
Main Street Grant	182,500	-	-	182,500	17,500
Other Revenue					
Application, Closing and Administrative Fees	9,180	-	-	9,180	2,000
Gain on Sale of Right of Way	9,037	-	-	9,037	-
Other Income	40	-	-	40	28
Penalties Collected	-	903	-	903	637
Total Other Grants and Revenue	274,992	903	-	275,895	119,434
Net Assets Released From Restrictions	338,263	(338,263)	-	-	-
Total Support and Other Revenue	618,665	129,682	-	748,347	522,042
Expenditures					
Facilities, Personnel, Materials and Supplies -					
Community Development Block Grant	336,360	-	-	336,360	262,479
Broome Triad Expense	73,500	-	-	73,500	69,559
Demolition Expense	-	-	-	-	29,960
Main Street Grant Expenditures	182,500	-	-	182,500	17,500
Martin Luther King Sculpture	6,498	-	-	6,498	10,000
Office Expenditures	2,966	-	-	2,966	-
Bad Debt	-	-	-	-	23,922
Promotional Expense	14,468	-	-	14,468	12,367
Miscellaneous	5,172	-	-	5,172	3,848
Total Expenditures	621,464	-	-	621,464	429,635
Change in Net Assets	(2,799)	129,682	-	126,883	92,407
Net Assets - Beginning	10,113	2,759,007	204,954	2,974,074	2,881,667
Net Assets - Ending	\$ 7,314	\$ 2,888,689	\$ 204,954	\$ 3,100,957	\$ 2,974,074

See the accompanying notes to financial statements.

**BINGHAMTON LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 126,883	\$ 92,407
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Changes in Operating Assets and Liabilities:		
Gain on Sale of Right Away	(9,037)	-
Bad Debt	-	23,922
Grant Receivable	-	(29,000)
Accounts Payable	<u>(7,469)</u>	<u>(240,177)</u>
Net Cash Provided By (Used In) Operating Activities	<u>110,377</u>	<u>(152,848)</u>
Cash Flows From Investing Activities:		
Principal Repayments on Loans Receivable	223,396	205,039
Loans Funded	(380,000)	(361,237)
Proceeds from the Sale of Right of Way	9,037	-
Investments Purchased	-	(136,954)
Deposits Applied	<u>-</u>	<u>5,000</u>
Net Cash Used In Investing Activities	<u>(147,567)</u>	<u>(288,152)</u>
Net Decrease in Cash and Cash Equivalents	(37,190)	(441,000)
Cash and Cash Equivalents at Beginning of Year	<u>1,155,211</u>	<u>1,596,211</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,118,021</u>	<u>\$ 1,155,211</u>

See the accompanying notes to financial statements.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of the Corporation

The Binghamton Local Development Corporation (BLDC) was formed to further sustainable economic development in the City of Binghamton by attracting new business, retaining and growing established business, building industrial and commercial capacity, promoting employment, and fostering entrepreneurship and innovation.

B. Reporting Entity - The BLDC is a nonprofit corporation and is a component unit of the City of Binghamton. The financial activities of the BLDC are combined with the financial activities of the City of Binghamton and other component units, which constitutes the entire reporting entity for the City of Binghamton. The requirements under the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* have been satisfied at the reporting entity level.

C. Basis of Accounting and Presentation - The financial statements of the BLDC have been prepared on the accrual basis of accounting and are presented in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of American for Not-For-Profits' and the Accounting Standards Codification (ASC) 958-205. Under ASC 958-205, the not-for-profit is required to report information regarding their financial position and activities according to three classes of net assets as follows:

Unassigned - represents resources recognized as unassigned and/or resources generated by other sources, which are expendable and available for support of operations.

Temporarily Restricted Net Assets - represents resources recognized as restricted support until such a time when all associated restrictions have been met. The activities included are relative to the Community Development Block Grant, Urban Development Action Grant, and the New York State Main Street Grant programs administered by BLDC. Also included are contributions solicited to purchase a sculpture in honor of Dr. Martin Luther King, Jr.

Nonexpendable - represents resources that are not in a spendable form, which includes land and investments held by the Organization.

D. Tax Exemption - The BLDC is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

E. Cash and Cash Equivalents - BLDC considers short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

F. Allowance for Uncollectible Accounts - BLDC follows the policy of providing currently for bad debts in order to maintain an adequate reserve for anticipated losses.

G. Land - BLDC follows the policy of valuing land at the lower of net realizable value or cost.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. **Support and Revenue** - BLDC is funded principally through grants from the City of Binghamton Community Development Block Grant Program (CDBG). BLDC recognizes the grant funds from CDBG when received, which coincides with the disbursement of the funds by BLDC for various investments and loans.

BLDC also receives revenue in the form of repayments on loans originally granted by the City of Binghamton from Urban Development Action Grant Program funds (UDAG). Program income generated from UDAG loans is recognized as revenue when received.

As of January 1, 2003, the City of Binghamton no longer provides contributed services to the BLDC, except for office space. The BLDC is responsible for paying other services; for the year ended August 31, 2011 and 2010, the BLDC incurred \$336,360 and \$262,479, respectively, for personnel, materials, and supplies.

I. **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.

J. **Expendable Restricted Resources** - Certain resources of BLDC are considered temporarily restricted. Donor, grantor, or other outside parties have restricted the use of the funds for particular purposes. Temporarily restricted resources held by BLDC include the following:

CDBG Resources - Amounts received from drawdown requests for federal assistance and program income generated from CDBG monies, including principal and interest repayments on loans, penalties assessed on delinquent loans, and interest earned on the investment of these monies.

UDAG - Amounts received from repayment of principal and interest on City UDAG loans.

K. **Risks and Uncertainties** - Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the net assets of the Corporation.

L. **Investments** - Investments include real estate purchased with the intent for resale. Costs of the project are recorded at cost. Unrealized gains and losses are not recognized until the property is sold.

M. **Events Occurring After Reporting Date** - The Corporation has evaluated events and transactions that occurred between September 1, 2011 and November 9, 2011, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

N. **Advertising Costs** - Advertising costs are expensed as incurred. Advertising and related expenses incurred by the Corporation amounted to \$14,468 and \$12,367 for the years ended August 31 2011 and 2010, respectively.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 2 - LOANS RECEIVABLE

Loan transactions are summarized as follows:

	<u>2011</u>	<u>2010</u>
Loans Reveivable Balance, Beginning of Period	\$ 1,846,620	\$ 1,714,344
Year End August 31 Activity:		
Loan Advances	380,000	361,237
Writeoffs	-	(23,922)
Principal Repayments	<u>(223,396)</u>	<u>(205,039)</u>
Loans Receivable Balance, End of Period	2,003,224	1,846,620
Less: Allowance for Uncollectibles	<u>(254,000)</u>	<u>(254,000)</u>
Loans Receivable Balance, Net of Allowance	1,749,224	1,592,620
Less: Current Portion	<u>(196,111)</u>	<u>(220,036)</u>
Long-Term Portion of Loans Receivable	<u>\$ 1,553,113</u>	<u>\$ 1,372,584</u>

The principal balance at August 31, 2011 includes \$1,202,635 loaned from Community Development Block Grant (CDBG) funds and \$800,589 in Urban Development Action Grant (UDAG) repayment funds, while at August 31, 2010, the principal balance includes \$1,112,487 loaned from the Community Development Block Grant (CDBG) funds and \$734,133 in Urban Development Action Grant (UDAG) repayment funds.

An allowance for uncollectible receivables has been provided for loans of borrowers who have filed for bankruptcy or are otherwise considered doubtful of collection. As of August 31, 2011 no amounts have been determined to be uncollectible, however during the year ended August 31, 2010, \$23,922 in loans was written off as bad debt. For the years ended August 31, 2011 and August 31, 2010, the allowance is deemed adequate by management to cover all loans whose current payments are greater than thirty days past due and any other loans that may become doubtful during the year.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Corporation to concentrations of credit risk, consist of deposits with a single financial institution, cash in excess of FDIC insurance, short and long-term investments, and mortgages and notes receivable. The Corporation generally places its cash and investments with quality financial institutions and collateralizes cash deposits in excess of FDIC coverage with obligations of the United States and its agencies. The Corporation has an agreement for adequate collateralization with a banking institution as of August 31, 2011.

Concentrations of credit risk with respect to mortgages and notes receivable are limited due to the large number of loans and the dispersion across many different industries. Also, the Corporation requires security to support the receivables.

**BINGHAMTON LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011**

NOTE 4 - CITY OF BINGHAMTON AGREEMENT

Binghamton Local Development Corporation executed and renewed an agreement with the City of Binghamton, regarding the use of CDBG and UDAG funds for various economic development programs. The term of the agreement has been extended through November 30, 2012; however, either party may terminate without cause upon 30 days written notice. Upon termination, all loans related to funds allocated by the CDBG Program become the property of the City of Binghamton and the BLDC shall assign to the City all related security interest.

Pursuant to the October 1993 agreement with the City of Binghamton, the Binghamton Local Development Corporation has been allocated certain funding from the Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) programs.

In addition, principal and interest loan repayments from CDBG disbursed loans and City of Binghamton UDAG's are committed for use by BLDC as the funds are collected and available. The BLDC received \$70,601 during the years of 2011 and 2010, respectively, on the above loans representing both principal and interest. Said receipts have been recognized as grant revenue.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Binghamton Local Development Corporation has approved various economic development loan commitments as of August 31, 2011. Such commitments will be funded upon the satisfaction of all loan provisions by the applicants and the availability of funds at the time of closing of the loan.

NOTE 6 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restriction by incurring expenses satisfying the restricted purposes during the year ended August 31, 2011.

NOTE 7 - INVESTMENTS

In accordance with section 2925(6) of the Public Authorities Law for New York State, Public Authorities, the Binghamton Local Development Corporation is reporting it held one investment for the years ended August 31, 2011 and August 31, 2010, respectively. The Organization had an investment in certain real estate, which it intends to resell. Total costs at August 31, 2011 and August 31, 2010 were \$136,954. Investment policies are reviewed by the Board annually. All decisions regarding investments are approved by the Board of Directors before entering into the investment.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

NOTE 8 - FAIR VALUE

During the year ended August 31, 2010, BLDC purchased 10-12 West State Street, Binghamton, New York with the intent to resell the property. As of August 31, 2011 and August 31, 2010, BLDC has expended \$136,954 related to the property. This investment is reported based on a Level 3 fair value measurement, using historical costs.

NOTE 9 - PROPERTY

In accordance with section 2896(3) of the Public Authorities Law for New York State, Public Authorities, the Binghamton Local Development Corporation is reporting it owns land with a recorded historical cost of \$68,000 for the years ended August 31, 2011 and August 31, 2010 respectively. The land is located at 88-92 Bevier Street, Binghamton, New York. As of August 31, 2011, there are no plans to sell the property.

NOTE 10 - INCOME TAXES

The Organization has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 740, "Income Taxes", as amended. Management has determined there were no liabilities for unrecognized tax benefits as a result of this implementation. Furthermore, management has estimated that there are no material unrecognized tax benefits for either the U.S. Federal or New York State jurisdictions for which it would be subject to income tax as of August 31, 2011 and as such, has not recognized any interest or penalties that would have been related to these benefits, if applicable. The tax years 2007, 2008, and 2009 are open for both federal and state purposes.

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

The Board of Directors
Binghamton Local Development Corporation
Binghamton, New York

Our report on our audit of the financial statements of Binghamton Local Development Corporation appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of loans receivable is presented for supplementary analysis purposes and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PIAKER & LYONS, P.C.

Binghamton, New York
November 9, 2011

SCHEDULE 1

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF LOANS RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2011

	8/31/2010	Year Ended August 31, 2011		8/31/2011
	<u>Principal Balance</u>	<u>Advances</u>	<u>Repayments</u>	<u>Principal Balance</u>
<u>CDBG Loans:</u>				
Bearcats Development Group, LLC	167,559	-	12,826	154,733
Bubble Professional Autocare, LLC	91,293	-	1,197	90,096
Innovation in Imaging, Inc.	-	210,000	1,503	208,497
Kanenas, LLC	60,189	-	4,706	55,483
R & C Mack	18,956	-	5,017	13,939
T. Mitchell Holdings	17,651	-	3,510	14,141
NET2000 Computers	12,028	-	1,892	10,136
On The Rocks	21,890	-	1,893	19,997
Judith Osburn d/b/a Osburn Law	4,243	-	4,243	-
Penrose Properties	26,911	-	26,911	-
RCT Development	15,275	-	2,180	13,095
REAJ Realty, LLC	96,529	-	9,954	86,575
Renkan Holdings	22,548	-	4,234	18,314
Sedona Enterprises, LLC	65,950	-	6,343	59,607
Smith, William R.	14,742	-	3,468	11,274
Tylenda K. and Smith, L.	5,486	-	5,486	-
Wisteria House	34,360	-	1,934	32,426
Kilmer Brasserie	68,333	-	-	68,333
VMR Electronics, LLC	89,667	-	13,165	76,502
VMR Realty Management, LLC	278,877	-	9,390	269,487
Subtotal CDBG Loans	1,112,487	210,000	119,852	1,202,635

See the accompanying notes to financial statements.

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF LOANS RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2011

	8/31/2010	<u>Year Ended August 31, 2011</u>		8/31/2011
	Principal Balance	<u>Advances</u>	<u>Repayments</u>	Principal Balance
Subtotal CDBG Loans	\$ 1,112,487	\$ 210,000	\$ 119,852	\$ 1,202,635
<u>UDAG Repayment Loans:</u>				
142 Court Street	28,090	-	1,636	26,454
142 Court Street	69,302	-	3,767	65,535
295 Court St. Associates- 2	107,043	-	5,453	101,590
DDBing	-	150,000	4,621	145,379
PS & V Realty Co., Inc.	12,808	-	4,039	8,769
Sall-Stearns, Inc.	4,545	-	3,883	662
Burger Monday, LLC	-	20,000	-	20,000
Loftiness, LLC	7,219	-	7,219	-
Thomas & Antoinette Dunn	17,984	-	3,480	14,504
Bearcats Development Group, LLC	52,381	-	14,286	38,095
Thomas Haines	66,071	-	10,714	55,357
Wisteria House, LLC	95,211	-	14,105	81,106
Tartu Properties	194,888	-	14,318	180,570
Books on the River, LLC	13,097	-	3,969	9,128
Rogers JFT, LLC	42,853	-	6,451	36,402
Lindsey, Floyd	10,534	-	3,690	6,844
On the Roxx Bar & Grill, LLC	12,107	-	1,913	10,194
Subtotal UDAG Repayment Loans	<u>734,133</u>	<u>170,000</u>	<u>103,544</u>	<u>800,589</u>
Total Loans Receivable	1,846,620	<u>380,000</u>	<u>223,396</u>	2,003,224
Less: Allowance For Uncollectibles	<u>(254,000)</u>			<u>(254,000)</u>
Net Loans Receivable	1,592,620			1,749,224
Less: Current Portion Loans Receivable	<u>(220,036)</u>			<u>(196,111)</u>
Long-Term Portion of Loans Receivable	<u>\$ 1,372,584</u>			<u>\$ 1,553,113</u>

See the accompanying notes to financial statements.

Officers:

James J. Lewis, CPA*, ABV, CVA+
Alan D. Piaker, CPA
Ronald L. Simons, CPA
Roy E. Fuller, CPA
John R. May, CPA*
Angelo J. Gallo, CPA
Richard A. Lynch, CPA
Amy E. Brown, CPA**
Janeen F. Sutryk, CPA*

Members of:

*American Institute of Certified Public Accountants
New York State Society of Certified Public Accountants*



Piaker & Lyons
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Established in 1955

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Abraham L. Piaker, CPA
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Of Counsel:

Allan R. Lyons, CPA
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**Also Licensed in Maryland

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**INDEPENDENT AUDITORS' 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
Binghamton Local Development Corporation
Binghamton, New York

We have audited the financial statements of BINGHAMTON LOCAL DEVELOPMENT CORPORATION (a non-profit organization) as of and for the year ended August 31, 2011, and have issued our report thereon dated November 9, 2011. 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

Management of Binghamton Local Development Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Binghamton Local Development Corporation's *internal control over financial reporting as a basis for designing our audit 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 misstatements on a timely basis. A material weakness is a deficiency, or combination of control 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 would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Piaker & Lyons

To the Board of Directors
Binghamton Local Development Corporation

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.



PIAKER & LYONS, P.C.

Binghamton, New York
November 9, 2011

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Binghamton Local Development Corporation
Binghamton, New York

Compliance

We have audited BINGHAMTON LOCAL DEVELOPMENT CORPORATION's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August, 2011. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

To the Board of Directors
Binghamton Local Development Corporation

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Binghamton Local Development Corp's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.



PIAKER & LYONS, P.C.

Binghamton, New York
November 9, 2011

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS

To the Board of Directors
Binghamton Local Development Corporation
Binghamton, New York

We have audited management's assertion that Binghamton Local Development Corporation maintained effective internal control over financial reporting as of August 31, 2011. The Organization's management is responsible for maintaining effective internal control over financial reporting, and for its assertion of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assertion based on our examination.

We conducted our audit in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in a reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorization of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Piaker & Lyons

To the Board of Directors
Binghamton Local Development Corporation

In our opinion, management's assertions that Binghamton Local Development Corporation maintained effective internal control over financial reporting as of August 31, 2011 is fairly stated, in all material respects.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the authority and our report dated November 9, 2011 expressed an unqualified opinion.

This report is intended solely for the information and use of the board of directors, management and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Piaker & Lyons, P.C.".

PIAKER & LYONS, P.C.

Binghamton, New York
November 9, 2011

BINGHAMTON LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through: City of Binghamton - Housing Office Community Development Block Grant	14.218		<u>728,470</u>
Total Federal Awards Expenditures			\$ <u>728,470</u>

**BINGHAMTON LOCAL DEVELOPMENT CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2011**

NOTE 1 - BASIS OF ACCOUNTING AND PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is a summary of the federal grant activity of the Binghamton Local Development Corporation (a non-profit organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

- A. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles of Non-Profit Organizations, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

- B. The Pass-through entity identifying number is presented.

NOTE 3 - INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented.

**BINGHAMTON LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2011**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified
 Internal control over financial reporting:
 Material weakness(es) identified? _____ yes X no
 Significant Deficiency(ies) identified
 not considered to be material weakness? _____ yes X none reported
 Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? _____ yes X no
 Significant Deficiency(ies) identified
 not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance
 for major programs: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? _____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program

14.218

Community Development Block Grant

Dollar threshold used to distinguish
 Between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

_____ yes X no

**BINGHAMTON LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2011**

Section II - Financial Statement Findings

Prior Year

Not Applicable

Current Year

No matters were reported

Section III - Federal Award Findings and Questioned Costs

Prior Year

Not Applicable

Current Year

No matters were reported