THE COHOES LOCAL DEVELOPMENT CORPORATION

FINANCIAL REPORT

DECEMBER 31, 2014 AND 2013

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
Additional Reports Required by Government Auditing Standards	
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*	10-11

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Cohoes Local Development Corporation ("LDC") (a non-profit corporation) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years 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 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

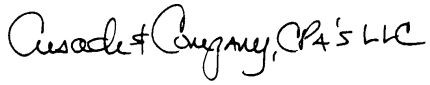
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cohoes Local Development Corporation as of December 31, 2014 and 2013, and the changes in its net assets and cash flows thereof for the years 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 February 2, 2015 on our consideration of the LDC'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 LDC's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 2, 2015

ASSETS

	2014	2013
Current Assets		
Cash	$ 212,210	$ 218,144
Loans Receivable, Net	378,020	388,082
Land	25,000	25,000
Total Assets	$ 615,230	$ 631,226

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	$ 6,753	$ 4,142
Deferred Revenue	19,654	14,654
Total Current Liabilities	26,407	18,796
Unrestricted Net Assets	588,823	612,430
Total Liabilities and Net Assets	$ 615,230	$ 631,226

THE COHOES LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Revenue:		
Grant Income	$ 10,700	$ 55,000
Interest on Loans	10,915	15,721
Program Income	200	805
Contributions	15,352	12,257
Miscellaneous Income	372	724
Total Revenue	37,539	84,507
Expenses:		
Salaries	646	7,989
Fringe Benefits and Payroll Taxes	2,316	3,055
Grant Expenses	4,000	7,633
Contracted Services	23,687	19,332
Forgivable Loans	-	55,000
Bad Debts	14,881	30,493
Marketing and Promotions	11,413	13,889
Farmers Market Expenses	898	178
Other Expenses	3,305	2,252
Total Expenses	61,146	139,821
Change in Net Assets	(23,607)	(55,314)
Net Assets, Beginning of Year	612,430	667,744
Net Assets, End of Year	$ 588,823	$ 612,430

THE COHOES LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash Flows Used In Operating Activities:		
Change in Net Assets	$ (23,607)	$ (55,314)
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:		
Bad Debts	14,881	30,493
(Decrease) Increase in:		
Accounts Payable and Accrued Expenses	2,611	(7,045)
Deferred Revenue	5,000	6,154
Net Cash Used In Operating Activities	(1,115)	(25,712)
Cash Flows Provided By (Used In) Investing Activities:		
Proceeds from Loan Repayments	75,181	88,945
New Loans Disbursed	(80,000)	(62,130)
Net Cash Provided By (Used In) Investing Activities	(4,819)	26,815
Net Increase (Decrease) in Cash	(5,934)	1,103
Cash, Beginning of Year	218,144	217,041
Cash, End of Year	$ 212,210	$ 218,144

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Cohoes Local Development Corporation (the "LDC") is a not-for-profit entity incorporated in the State of New York and formed to plan, promote, coordinate and execute programs in the City of Cohoes aimed at improving the quality of life of residents.

Basis of Accounting and Reporting

The financial statements of the LDC have been prepared on the accrual basis. Net assets of the LDC and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Any limitations placed on the use of a contribution that are no more specific than the broad limits of the LDC's purpose or mission are reported as unrestricted.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the LDC and/or the passage of time. The LDC had no temporarily restricted net assets as of December 31, 2014 and 2013.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the LDC. Generally, the donors of these assets permit the LDC to use all or part of the income earned on related investments for general or specific purposes. The LDC had no permanently restricted net assets as of December 31, 2014 and 2013.

Allowance and Loan Impairment

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectibility of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans and economic conditions. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Because of uncertainties associated with the regional economic conditions, collateral value and future cash flows on impaired loans, it is reasonably possible that management's estimate of credit losses inherent in the loan portfolio and the related allowance may change materially in the near term. The allowance is increased by a provision for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue from cost-reimbursement grants/contracts is recognized when expenses relative to the grants/contracts are incurred. Cash received in excess of expenses incurred is recorded as deferred revenue. All monies not spent at the end of the contract period are to be returned to the grantor according to the terms of the contract. Accordingly, the LDC does not maintain any equity in these grant/contract agreements.

Revenue from entitlement grants/contracts is recognized in the period earned.

Income Taxes

The Agency is a Not-For-Profit Corporation as described in §501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes pursuant to §501(a) of the code.

Fair Value

The Accounting Standards Codification requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the LDC would receive upon selling an asset or be paid to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The following methods and assumptions were used to estimate the fair value of each class of financial statement for which it is practicable to estimate that value:

Cash, accounts payable and accrued expenses and deferred revenue - The carrying amounts approximate fair value because of the short maturity of these instruments.

Loans receivable are stated at estimated net realizable value which approximates fair value.

Land - No attempt has been made to determine the fair value of land.

Accounting for Uncertainty in Income Taxes

The Accounting Standards Codification requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The LDC has not recognized any benefits or liabilities from uncertain tax positions in 2014 and believes it has no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine the LDC's tax returns for three years from the date of filing; consequently, tax returns for years prior to 2011 are no longer subject to examination by tax authorities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through February 2, 2015, the date the financial statements were available to be issued. No such events or transactions were identified.

2. LOANS RECEIVABLE, NET

Loans receivable consist of 25 loans (23 in 2013) to local businesses with interest rates ranging from 0% to 7.25%.

	2014	2013
Total Loans Receivable	$ 590,852	$ 586,057
Less: Allowance for Loan Losses	(212,832)	(197,975)
Loans Receivable, Net	$ 378,020	$ 388,082

Additionally, at December 31, 2014 thirteen forgivable loans totaling $68,000 were outstanding. Based on job creation/retention requirements, maintaining business in the City for five years, or maintaining residence for ten years these loans will be forgiven and, as a result, these loans have not been reflected in the statement of financial position.

3. COMMITMENTS AND CONTINGENCIES

The LDC participates in various grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the LDC's compliance with applicable grant/contract requirements will be established at some future date. The amount, if any, of any expenditures or funding which may be disallowed by the granting agencies cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

3. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The LDC signed a contract to sell land for $100,000. It is anticipated that the sale will close in the first quarter of 2015.

4. CONCENTRATION OF CREDIT RISK

At December 31, 2014, two loans exceeding 10% of the loan portfolio made, to one individual and/or related entities, representing 14.6% of the outstanding loans receivable.

OTHER FINANCIAL INFORMATION

ADDITIONAL REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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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*

Board of Directors
The Cohoes Local Development
Corporation

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 The Cohoes Local Development Corporation ("LDC"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LDC'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 the LDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the LDC'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 the LDC'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 LDC'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 2, 2015