

Yonkers Downtown Waterfront Development Corporation
(A Component Unit of the City of Yonkers, New York)

Financial Statements

December 31, 2014 and 2013

Independent Auditors' Report

Board of Directors

Yonkers Downtown Waterfront Development Corporation

We have audited the accompanying financial statements of Yonkers Downtown Waterfront Development Corporation (the "Corporation"), a nonprofit organization and a component unit of the City of Yonkers, New York ("City"), 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.

Auditors' 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 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 auditors' 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 Corporation as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows 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 November 10, 2015 on our consideration of the 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 the Corporation's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated November 10, 2015 on our consideration of the Corporation's compliance with Section 2925(3)(1) of the New York State Public Authorities Law ("Law"). The purpose of that report is to describe the scope and results of our tests of compliance with the Law.

O'Connor Davies, LLP
Harrison, New York
November 10, 2015

Yonkers Downtown Waterfront Development Corporation
(A Component Unit of the City of Yonkers, New York)

Statements of Financial Position

	December 31,	
	2014	2013
ASSETS		
Cash and cash equivalents	\$ 143,564	\$ 166,214
Accounts receivable	1,297,404	1,065,405
Investments	10,250	10,133
Prepaid expenses	27,850	25,791
Deposits	91,441	98,142
Investment in real estate, net	1,639,786	1,695,419
	\$ 3,210,295	\$ 3,061,104
 LIABILITIES AND NET ASSETS (DEFICIT)		
Liabilities		
Accounts payable and accrued expenses	\$ 36,467	\$ 35,617
Accrued interest payable	183,889	153,661
Tenant security deposits	12,110	12,110
Line of credit payable to bank	1,006,716	1,006,716
Loans payable - City of Yonkers	1,449,802	1,591,091
Loans payable - Other	492,353	502,658
Total Liabilities	3,181,337	3,301,853
 NET ASSETS (DEFICIT)		
Unrestricted	28,958	(240,749)
	\$ 3,210,295	\$ 3,061,104

See notes to financial statements

Yonkers Downtown Waterfront Development Corporation
(A Component Unit of the City of Yonkers, New York)

Statements of Activities

	Year Ended December 31,	
	2014	2013
OPERATING REVENUES		
Federal Community Development Block Grant	\$ 440,934	\$ 449,857
Rent income	164,896	164,503
Interest income	215	210
Miscellaneous	250,000	1,295
Total Operating Revenues	856,045	615,865
OPERATING EXPENSES		
Insurance	16,264	14,821
Consulting services	23,785	22,109
Accounting fees	39,000	40,667
Printing and postage	1,343	71
Real estate taxes and utilities	96,774	87,448
Interest	120,700	138,248
Repairs and maintenance	40,301	42,033
Depreciation	55,633	55,633
Project expenses	187,886	-
Miscellaneous	4,652	4,368
Total Operating Expenses	586,338	405,398
Change in Net Assets (Deficit)	269,707	210,467
NET ASSETS (DEFICIT)		
Beginning of year	(240,749)	(451,216)
End of year	\$ 28,958	\$ (240,749)

See notes to financial statements

Yonkers Downtown Waterfront Development Corporation
(A Component Unit of the City of Yonkers, New York)

Statements of Cash Flows

	Year Ended December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net position	\$ 269,707	\$ 210,467
Adjustments to reconcile change in net position to net cash from operating activities		
Depreciation	55,633	55,633
Changes in operating assets and liabilities		
Accounts receivable	(231,999)	343,268
Prepaid expenses	(2,059)	219
Tenant security deposits	6,701	(11,449)
Accounts payable	850	(44,300)
Accrued interest payable	30,228	7,335
Net Cash from Operating Activities	129,061	561,173
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	10,133	10,017
Purchases of investments	(10,250)	(10,133)
Net Cash from Investing Activities	(117)	(116)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments of line of credit	-	(308,094)
Principal repayments of loans payable	(151,594)	(258,881)
Net Cash from Financing Activities	(151,594)	(566,975)
Net Change in Cash and Cash Equivalents	(22,650)	(5,918)
CASH AND CASH EQUIVALENTS		
Beginning of year	166,214	172,132
End of year	\$ 143,564	\$ 166,214
SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid for interest	\$ 90,472	\$ 130,913

See notes to financial statements

Yonkers Downtown Waterfront Development Corporation
(A Component Unit of the City of Yonkers, New York)

Notes to Financial Statements
December 31, 2014 and 2013

1. Nature of Business

Organization and Activities

The Yonkers Downtown Waterfront Development Corporation (the "Corporation") was established by the City of Yonkers, New York ("City") as a nonprofit organization to encourage the development and retention of jobs, business and industry and to foster projects for commercial, retail, office and residential uses. The Corporation seeks to provide economic development for the City's downtown waterfront area and to provide job opportunities for the City's residents. The Corporation is regarded as a discretely presented component unit in the City's financial statements.

Financial Reporting Entity

The Corporation has been identified as a component unit of the City, in accordance with the criteria set forth in Statement No. 61 of the Government Accounting Standards Board. These criteria include assessment of legal standing, fiscal dependency and financial accountability.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The Corporation reports information regarding its financial position and activities according to three classes of net assets based on the presence or absence of donor stipulations. Accordingly, net assets are classified as unrestricted; temporarily restricted; and permanently restricted.

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support is recognized when the donor makes a promise to give to the Corporation that is, in substance unconditional. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Yonkers Downtown Waterfront Development Corporation
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Notes to Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (*continued*)

Contributions (continued)

Donations of property, equipment and services are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. When there is no donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service. Donated services which either create or enhance a nonfinancial asset, or require specialized skills and are provided by a person possessing those skills are recorded as support in the period received.

Government Grants and Contracts

Grants are recorded as contributions based on the criteria contained in the grant award. Revenue is recognized in the accounting period when the related allowable expenses are incurred.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. Management has determined that no reserves are required.

Fair Value of Financial Instruments

The Corporation follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments

Investments consist of a certificate of deposit maturing in more than three months and secured by Federal Deposit Insurance Coverage. The certificate of deposit is valued at cost plus accrued interest which approximates fair value.

Yonkers Downtown Waterfront Development Corporation
(A Component Unit of the City of Yonkers, New York)

Notes to Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

Investment in Real Estate

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred and major renewals and betterments are capitalized. When equipment is sold or retired the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in the statement of activities.

Income Taxes

The Corporation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

Accounting for Uncertainty in Income Taxes

The Corporation recognizes the effect of income tax positions only if the positions are more likely than not to be sustained. Management has determined that the Corporation had no uncertain tax positions that would require financial statement recognition or disclosure. The Corporation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2011.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 10, 2015.

3. Investment in Real Estate

Investment in real estate at December 31 is comprised of the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 658,485	\$ 658,485
Building and improvements	<u>1,841,198</u>	<u>1,841,198</u>
	2,499,683	2,499,683
Accumulated depreciation	<u>(859,897)</u>	<u>(804,264)</u>
	<u>\$ 1,639,786</u>	<u>\$ 1,695,419</u>

Yonkers Downtown Waterfront Development Corporation
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Notes to Financial Statements
December 31, 2014 and 2013

4. Line of Credit Payable - Bank

The Corporation has a line of credit aggregating \$1.5 million. Outstanding borrowings under the line are due on demand with interest at prime plus one-half of one percent, payable monthly. The line of credit is secured by New York State funding through a local development corporation. The line of credit was satisfied in March 2015. At December 31, 2014 and 2013, outstanding borrowing aggregated \$1,006,716. Interest expense of \$38,276 and \$45,861 was incurred for the years ended December 31, 2014 and 2013.

5. Loans Payable

Loans payable at December 31, is comprised of the following:

	2014	2013
Outstanding loan payable to the City of Yonkers dated October 23, 1995, with interest accruing at a rate of 1% per annum. Payment of principal and interest is due upon maturity in December 2019, secured by property located at 55-61 Main Street, Yonkers, New York.	\$ 700,000	\$ 700,000
Loan payable to the City of Yonkers, dated October 20, 1999, with interest accruing at the 180 day London Interbank Offering Rate. Payments of principal and interest are due upon maturity in December 2019, secured by property located at 55-61 Main Street, Yonkers, New York.	62,500	62,500
Outstanding advances against a \$33,000 loan payable to the City of Yonkers dated October 12, 1999, with interest accruing at the 180 day LIBOR rate. Payment of principal and interest are due upon maturity in December 2019; secured by property located at 55-61 Main Street, Yonkers, New York.	18,075	18,075
Loan payable to Community Preservation Corporation dated May 1, 2004 due in monthly installments of \$3,634, including interest at 6.5%, maturing May 1, 2035, secured by property located at 55-61 Main Street, Yonkers, New York.	492,353	502,658
Loan payable - Section 108 loan payable to the City of Yonkers, dated September 2003 due in monthly installments of \$27,302 including interest at 5.99%, maturing August 1, 2016, secured by a first mortgage in the amount of \$575,000 held by the Community Preservation Corporation and secured by property located at 55-61 Main Street, Yonkers, New York.	<u>669,227</u>	<u>810,516</u>
	<u>\$ 1,942,155</u>	<u>\$ 2,093,749</u>

Yonkers Downtown Waterfront Development Corporation
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Notes to Financial Statements
December 31, 2014 and 2013

5. Loans Payable (continued)

As of December 31, 2014 aggregate annual debt maturities, excluding interest, were as follows:

2015	\$ 316,873
2016	377,213
2017	13,692
2018	14,609
2019	15,587
Thereafter	<u>1,204,181</u>
	<u>\$ 1,942,155</u>

6. Commitments and Contingencies

Grants Receivable/Revenue

The Corporation participates in Federal grant programs which are subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures that may be disallowed by the granting agencies as a result of the compliance audits, if any, cannot be determined. In the opinion of the management of the Corporation, disallowances, if any, will not have a material effect on the financial statements.

7. Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentration of credit risks consist principally of temporary cash deposits in excess of Federally insured limits and accounts receivable. The Corporation maintains cash balances in a financial institution insured by the Federal Deposit Insurance Corporation. Cash on deposit at the institution may exceed Federally insured limits from time to time. Accounts receivable are expecting to be collected in the normal course of business.

8. Revenues – Empire State Development Corporation

The Corporation has entered into a cost reimbursement contract with the Empire State Development Corporation for up to \$10 million (state sources) to be used for a portion of the planning soft costs (project expenses) necessary to evaluate the components of the City of Yonkers Master Plan including, but not limited to, environmental, engineering, economic, feasibility and other studies and preliminary planning and budgetary processes. Funding will be disbursed to the Corporation during the course of the project, no more frequently than monthly.

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**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***

Independent Auditors' Report

**Board of Directors
Yonkers Downtown Waterfront Development Corporation**

We have audited, 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, the financial statements of the Yonkers Downtown Waterfront Development Corporation ("Corporation") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements, and have issued our report thereon dated November 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 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 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.

O'CONNOR DAVIES, LLP

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 entity'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.

O'Connor Davies, LLP

Harrison, New York
November 10, 2015

**Independent Accountants' Report on Compliance with Section 2925(3)(1)
of the New York State Public Authorities Law**

**Board of Directors
Yonkers Downtown Waterfront Development Corporation**

We have examined the Yonkers Downtown Waterfront Development Corporation's ("Corporation") compliance with Section 2925(3)(1) of the New York State Public Authorities Law during the year ended December 31, 2014. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining on a test basis evidence supporting the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2014.

This report is intended solely for the information and use of management, the Board of Directors and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies, LLP
Harrison, New York
November 10, 2015