

**BINGHAMTON LOCAL  
DEVELOPMENT CORPORATION**

**Binghamton, New York**

**FINANCIAL REPORT**

**For the Years Ended  
August 31, 2015 and 2014**



BINGHAMTON LOCAL DEVELOPMENT CORPORATION

AUGUST 31, 2015 AND 2014

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John H. Dietershagen, C.P.A.  
Jerry E. Mickelson, C.P.A.  
Thomas K. Van Derzee, C.P.A.  
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D. Leslie Spurgin, C.P.A.



**Ciaschi • Dietershagen • Little • Mickelson  
& Company, LLP**

*Certified Public Accountants and Consultants*

Frederick J. Ciaschi, C.P.A.

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Binghamton Local Development Corporation  
Binghamton, New York

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Binghamton Local Development Corporation (a nonprofit organization), a component unit of the City of Binghamton, which comprise the Statements of Financial Position as of August 31, 2015 and 2014, 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 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 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.

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**CORTLAND**

39 Church Street  
Cortland, New York 13045  
607-753-7439  
fax 607-753-7874

**ITHACA**

401 East State Street ~ Suite 500  
Ithaca, New York 14850  
607-272-4444  
fax 607-273-8372  
[www.cdlim.com](http://www.cdlim.com)

**WATKINS GLEN**

2 North Franklin Street, Suite 330  
Watkins Glen, New York 14891  
607-535-4443  
fax 607-535-6220



**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, 2015 and 2014, 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 Matters**

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Loans Receivable on page 9 is presented for purposes of additional analysis 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 as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards* we have also issued our report dated November 30, 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.

*Ciaschi, D'Intino, Little, Middleman, & Company, LLP*

November 30, 2015  
Ithaca, New York

BINGHAMTON LOCAL DEVELOPMENT CORPORATION  
 STATEMENTS OF FINANCIAL POSITION  
AUGUST 31,

	2015		
<b><u>ASSETS</u></b>	Unrestricted	Temporarily Restricted	Total
Current Assets:			
Cash and cash equivalents	\$ 11,960	\$ 2,341,708	\$ 2,353,668
Loans receivable, net, current portion		368,735	368,735
Grants receivable			-0-
Total Current Assets	11,960	2,710,443	2,722,403
Noncurrent Assets:			
Investments		136,954	136,954
Loans receivable, net of noncurrent portion and allowance for doubtful accounts of \$326,911 and \$416,874 for 2015 and 2014, respectively		671,135	671,135
Total Noncurrent Assets	-0-	808,089	808,089
Total Assets	\$ 11,960	\$ 3,518,532	\$ 3,530,492
<b><u>LIABILITIES AND NET ASSETS</u></b>			
Current Liabilities:			
Accounts payable	\$ 3,284	\$ 247	\$ 3,531
Total Current Liabilities	3,284	247	3,531
Net Assets:			
Unrestricted	8,676		8,676
Temporarily restricted		3,518,285	3,518,285
Total Net Assets	8,676	3,518,285	3,526,961
Total Liabilities and Net Assets	\$ 11,960	\$ 3,518,532	\$ 3,530,492

See Independent Auditor's Report and Notes to Financial Statements

2014		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 27,084	\$ 2,086,628	\$ 2,113,712
	286,121	286,121
	32,178	32,178
<u>27,084</u>	<u>2,404,927</u>	<u>2,432,011</u>
	136,954	136,954
	796,854	796,854
<u>-0-</u>	<u>933,808</u>	<u>933,808</u>
<u>\$ 27,084</u>	<u>\$ 3,338,735</u>	<u>\$ 3,365,819</u>
\$ 18,284	\$ 142	\$ 18,426
<u>18,284</u>	<u>142</u>	<u>18,426</u>
8,800	3,338,593	3,338,593
<u>8,800</u>	<u>3,338,593</u>	<u>3,347,393</u>
<u>\$ 27,084</u>	<u>\$ 3,338,735</u>	<u>\$ 3,365,819</u>

BINGHAMTON LOCAL DEVELOPMENT CORPORATION  
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
AUGUST 31.

	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Interest and fees on loans	\$	\$ 39,730	\$ 39,730
Grant income	226,409		226,409
UDAG repayments		64,724	64,724
CDBG HUD funds		150,750	150,750
Interest	4	684	688
Miscellaneous income	4,000	1,938	5,938
Net assets released from restrictions	78,134	(78,134)	-0-
<b>Total Revenues</b>	<u>308,547</u>	<u>179,692</u>	<u>488,239</u>
Expenses:			
Facilities, personnel, materials, and supplies - CDBG HUD funds	150,750		150,750
Grant expense	214,395		214,395
Marketing	11,923		11,923
Office expenses	4,061		4,061
Program expenses			-0-
Bad debt (recovery)	(80,000)		(80,000)
Other	7,542		7,542
<b>Total Expenses</b>	<u>308,671</u>	<u>-0-</u>	<u>308,671</u>
<b>Total Change in Net Assets</b>	(124)	179,692	179,568
<b>Net Assets, Beginning of Year</b>	<u>8,800</u>	<u>3,338,593</u>	<u>3,347,393</u>
<b>Net Assets, End of Year</b>	<u>\$ 8,676</u>	<u>\$ 3,518,285</u>	<u>\$ 3,526,961</u>

See Independent Auditor's Report and Notes to Financial Statements

2014		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$	\$	\$
	47,655	47,655
139,471	3,178	142,649
	62,813	62,813
	108,000	108,000
9	1,256	1,265
	1,073	1,073
<u>127,611</u>	<u>(127,611)</u>	<u>-0-</u>
<u>267,091</u>	<u>96,364</u>	<u>363,455</u>
108,000		108,000
138,106		138,106
2,347		2,347
11,079		11,079
10,000		10,000
		-0-
<u>1,946</u>		<u>1,946</u>
<u>271,478</u>	<u>-0-</u>	<u>271,478</u>
(4,387)	96,364	91,977
<u>13,187</u>	<u>3,242,229</u>	<u>3,255,416</u>
<u>\$ 8,800</u>	<u>\$ 3,338,593</u>	<u>\$ 3,347,393</u>



BINGHAMTON LOCAL DEVELOPMENT CORPORATION  
 STATEMENTS OF CASH FLOWS  
AUGUST 31,

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 179,568	\$ 91,977
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debts expense (recovery)	(80,000)	-0-
(Increase) decrease in:		
Grants receivable	32,178	46,618
Increase (decrease) in:		
Accounts payable	<u>(14,895)</u>	<u>(71,534)</u>
Net Cash Provided by Operating Activities	<u>116,851</u>	<u>67,061</u>
Cash Flows from Investing Activities:		
New loans	(224,500)	-0-
Loan repayments	<u>347,605</u>	<u>198,049</u>
Net Cash Provided by Investing Activities	<u>123,105</u>	<u>198,049</u>
Net Cash Provided by Financing Activities	<u>-0-</u>	<u>-0-</u>
Net Change in Cash and Cash Equivalents	239,956	265,110
Cash and Cash Equivalents, Beginning of Year	<u>2,113,712</u>	<u>1,848,602</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,353,668</u>	<u>\$ 2,113,712</u>

See Independent Auditor's Report and Notes to Financial Statements



BINGHAMTON LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2015 AND 2014

Note 1 - Summary of Significant Accounting Policies

Purpose of the Corporation

The Binghamton Local Development Corporation (the Corporation) is a not-for-profit corporation formed to further sustainable economic development in the City of Binghamton by attracting new business, retaining and growing established businesses, building industrial and commercial capacity, promoting employment, and fostering entrepreneurship and innovation.

The Corporation is a not-for-profit corporation, and is a component unit of the City of Binghamton (City). The financial activities of the Corporation are combined with the financial activities of the City in the City's financial statements.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities." Under FASB ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Corporation has no permanently restricted net assets. Temporarily restricted net assets represent resources received from Community Development Block Grants (CDBG) and Urban Development Action Grants (UDAG) which are restricted as to their use.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments consist of real estate purchased with the intent to resell. This investment is recorded at cost; unrealized gains or losses related to changes in market value are not recorded.

Concentrations of Risk and Investments

Cash Balances

The Corporation maintains its accounts at a single financial institution. The Corporation has bank deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits, and maintains a collateralization agreement with this financial institution for cash balances in excess of FDIC limits. At August 31, 2015 and 2014, \$-0- was uncollateralized and uninsured.



BINGHAMTON LOCAL DEVELOPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (CONTINUED)  
AUGUST 31, 2015 AND 2014

Loans Receivable

Loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to loans receivable.

Support and Revenue

The Corporation is funded principally through grants from the City of Binghamton CDBG program. The Corporation recognizes grant funds for CDBG upon receipt, which coincides with the disbursement of the funds by the Corporation.

The Corporation also receives revenue in the form of repayments on loans originally granted by the City of Binghamton from UDAG program funds. Program income from UDAG loan repayments is recognized as revenue when received.

The City of Binghamton contributes office space; other expenses of the Corporation are paid from the aforementioned CDBG program grants.

Income Tax Status

The Corporation is a not-for-profit Corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

The Corporation has evaluated subsequent events for reporting and disclosure through November 30, 2015, the date which the financial statements were available to be issued.

Note 2 - Loans Receivable

Loans receivable at August 31, consisted of the following:

	<u>2015</u>	<u>2014</u>
Total Loans Receivable, Beginning of Year	\$ 1,499,849	\$ 1,697,898
Loan advances	224,500	-0-
Principal repayments	(347,605)	(198,049)
Writeoffs	<u>(9,963)</u>	<u>-0-</u>
Total Loans Receivable, end of year	1,366,781	1,499,849
Less allowance for doubtful accounts	<u>(326,911)</u>	<u>(416,874)</u>
Loans receivable, net of allowance	1,039,870	1,082,975
Less current portion	<u>368,735</u>	<u>(286,121)</u>
Loans Receivable, Net of Current Portion	<u>\$ 671,135</u>	<u>\$ 796,854</u>



BINGHAMTON LOCAL DEVELOPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (CONTINUED)  
AUGUST 31, 2015 AND 2014

The allowance for doubtful accounts has been established for loans of borrowers who have filed for bankruptcy or are otherwise considered doubtful of collection. During the year ended August 31, 2015, the allowance for doubtful accounts was decreased to \$326,911 based on recovery of a loan that had been delinquent. The allowance is considered adequate by management to cover all currently delinquent loans, and others which may become doubtful during the year.

Note 3 - Grants Receivable

Grants receivable at August 31 are as follows:

	2015	2014
NYS RESTORE	\$ -0-	\$ 32,178
Total	\$ -0-	\$ 32,178

Note 4 - Investments

In accordance with section 2925(6) of the Public Authorities Law for New York State, Public Authorities, the Corporation reports one investment as of and for the year ended August 31, 2015. The Corporation has an investment in real estate which it intends to resell; total costs accumulated to date are \$136,954. Investment policies are reviewed annually.

Note 5 - City of Binghamton Agreement

The Corporation executed and renewed an agreement with the City regarding the use of CDBG and UDAG funds for various economic development programs. Either party can terminate the agreement with 30 days notice. If the agreement is terminated, all loans outstanding become the property of the City.

Pursuant to the agreement, the Corporation has been allocated funding from the City's CDBG and UDAG funds. In addition, loan repayments from City UDAG program loans are committed for use by the Corporation. The Corporation received \$64,724 and \$62,813 during the years ended August 31, 2015 and 2014 representing principal and interest; these funds have been recognized as revenue.

Note 6 - Commitments

At August 31, 2015, the Corporation had approved loans which were not yet disbursed. These commitments will be funded upon satisfaction of loan provisions by the applicant and the availability of funds at the time of closing.

The Corporation disbursed two loans after August 31, 2015, totaling \$175,000.



BINGHAMTON LOCAL DEVELOPMENT CORPORATION  
SCHEDULE OF LOANS RECEIVABLE  
AUGUST 31,

	2014				2015
	Principal Balance	Advances	Repayments	Writeoffs	Principal Balance
<u>CDBG Loans</u>					
Bearcats Development Group, LLC	\$ 115,052	\$	\$ 14,423	\$	\$ 100,629
Bubbles Professional Autocare, LLC	89,963		53,000	9,963	27,000
Innovation in Imaging, Inc.	153,371		14,852		138,519
Kanenas, LLC	38,329		5,011		33,318
T. Mitchell Holdings	2,727		2,727		-0-
Net2000 Computers	4,589		3,291		1,298
Nielson Hardware	184,158		49,132		135,026
On the Rocks, Inc.	14,256		1,472		12,784
Renkan Holdings	4,546		4,546		-0-
Sedona Enterprises, LLC	39,559		7,430		32,129
Mountain Fresh Dairy	-0-	200,000	14,615		185,385
Wisteria House	26,138		26,138		-0-
VMR Electronics, LLC	65,366				65,366
VMR Realty Management, LLC	261,545				261,545
<b>Total CDBG Loans</b>	<b>\$ 999,599</b>	<b>\$ 200,000</b>	<b>\$ 196,637</b>	<b>\$ 9,963</b>	<b>\$ 992,999</b>
<u>UDAG Loans</u>					
142 Court Street, LLC	\$ 21,116	\$	\$ 1,845	\$	\$ 19,271
142 Court Street, LLC	53,534		4,246		49,288
295 Court St. Associates - 2	83,222		83,222		-0-
DDBing Properties, LLC	127,756		6,235		121,521
DDBing Properties, LLC	86,335		3,491		82,844
Burger Monday, LLC	7,592		4,510		3,082
Finger Lakes Running Co.	21,541		5,067		16,474
Kell Enterprises	11,394		4,938		6,456
Thomas & Antoinette Dunn	4,351		3,481		870
Syed Ali & Adam Ibrahim	-0-	24,500			24,500
Thomas Haines	24,107		10,714		13,393
Wisteria House, LLC	39,966		14,105		25,861
Rogers JFT, LLC	15,592		7,363		8,229
On the Roxx Bar & Grill, LLC	3,744		1,751		1,993
<b>Total UDAG Loans</b>	<b>500,250</b>	<b>24,500</b>	<b>150,968</b>	<b>-0-</b>	<b>373,782</b>
<b>Total Loans Receivable</b>	<b>\$ 1,499,849</b>	<b>\$ 224,500</b>	<b>\$ 347,605</b>	<b>\$ 9,963</b>	<b>\$ 1,366,781</b>

See Independent Auditor's Report



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& Company, LLP**

*Certified Public Accountants and Consultants*

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Frederick J. Ciaschi, C.P.A.

**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  
Binghamton Local Development Corporation  
Binghamton, 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 the Binghamton Local Development Corporation (the Corporation), a component unit of the City of Binghamton, as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated November 30, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

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**CORTLAND**

39 Church Street  
Cortland, New York 13045  
607-753-7439  
fax 607-753-7874

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**ITHACA**

401 East State Street ~ Suite 500  
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www.cdlim.com

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fax 607-535-6220



**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.

*Cianchi, D'Intino, Little, McDevlin, & Company, LLP*

November 30, 2015  
Ithaca, New York

