

**New Main Street Development Corporation**  
(A Component Unit of the City of Yonkers, New York)

Financial Statements

Year Ended December 31, 2015

## Independent Auditors' Report

**The Board of Directors of  
New Main Street Development Corporation**

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

We have audited the accompanying financial statements of the New Main Street Development Corporation ("Corporation") (a component unit of the City of Yonkers, New York) as of and for the year ended December 31, 2015 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Corporation'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 Corporation'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.

O'CONNOR DAVIES, LLP

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## ***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, 2015, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

### *Report on Comparative Information*

We have previously audited the Corporation's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 23, 2015. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2016 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 January 19, 2016 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*

**O'Connor Davies, LLP**  
Harrison, New York  
January 19, 2016

**New Main Street Development Corporation**  
(A Component Unit of the City of Yonkers, New York)

Comparative Statement of Net Position  
December 31,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	\$ -	\$ 9,061
Grants receivable	-	1,083,108
Prepaid insurance	-	3,971
Land held for economic development	-	<u>6,414,237</u>
Total Assets	<u>-</u>	<u>7,510,377</u>
<b>LIABILITIES</b>		
Accounts payable	-	527,540
Due to City of Yonkers	-	<u>577,825</u>
Total Liabilities	<u>-</u>	<u>1,105,365</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ -</u>	<u>\$ 6,405,012</u>

The notes to the financial statements are an integral part of this statement.

**New Main Street Development Corporation**  
(A Component Unit of the City of Yonkers, New York)

Comparative Statement of Revenues, Expenses and Changes in Net Position  
Years Ended December 31,

	2015	2014
<b>OPERATING REVENUES</b>		
State grant	\$ 439,253	\$ 1,678,196
Rental income	-	12,068
<b>Total Operating Revenues</b>	<u>439,253</u>	<u>1,690,264</u>
<b>OPERATING EXPENSES</b>		
Insurance	4,269	12,603
Consulting	11,539	20,801
Professional fees	13,854	16,315
Property taxes	-	15,196
Repairs and maintenance	69	1,875
Printing and postage	21	47
Miscellaneous	450	1,090
<b>Total Operating Expenses</b>	<u>30,202</u>	<u>67,927</u>
<b>Income from Operations</b>	<u>409,051</u>	<u>1,622,337</u>
<b>SPECIAL ITEMS</b>		
Transfer of assets and liabilities to City of Yonkers	(6,830,813)	-
Transfer of liabilities to Yonkers Industrial Development Agency	16,750	-
<b>Total Special Items</b>	<u>(6,814,063)</u>	<u>-</u>
<b>Change in Net Position</b>	<u>(6,405,012)</u>	<u>-</u>
<b>NET POSITION</b>		
Beginning of Year	<u>6,405,012</u>	<u>4,782,675</u>
End of Year	<u>\$ -</u>	<u>\$ 6,405,012</u>

The notes to the financial statements are an integral part of this statement.

**New Main Street Development Corporation**  
(A Component Unit of the City of Yonkers, New York)

Comparative Statement of Cash Flows  
Years Ended December 31,

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from City of Yonkers	\$ 433,246	\$ 1,305,569
Cash receipts from rental income	-	34,898
Cash payments for goods and services	<u>(42,481)</u>	<u>(71,648)</u>
Net Cash from Operating Activities	390,765	1,268,819
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfer of liabilities	<u>42,077</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of land held for economic development	<u>(441,903)</u>	<u>(1,674,396)</u>
Net Change in Cash and Equivalents	(9,061)	(405,577)
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>9,061</u>	<u>414,638</u>
End of Year	<u>\$ -</u>	<u>\$ 9,061</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Income from operations	\$ 409,051	\$ 1,622,337
Adjustments to reconcile income from operations to net cash from operating activities		
Accounts receivable	-	22,830
Grants receivable	1,083,108	(1,083,108)
Due from City of Yonkers	-	22,317
Prepaid insurance	3,971	(3,971)
Accounts payable	(527,540)	489,223
Due to City of Yonkers	(577,825)	549,191
Unearned revenues	<u>-</u>	<u>(350,000)</u>
Net Cash from Operating Activities	<u>\$ 390,765</u>	<u>\$ 1,268,819</u>

The notes to the financial statements are an integral part of this statement.

**New Main Street Development Corporation**  
(A Component Unit of the City of Yonkers, New York)

Notes to Financial Statements  
December 31, 2015

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**Note 1 - Organization and Purpose**

The New Main Street Development Corporation ("Corporation") was created in 2007 as a local development corporation by the City of Yonkers, New York ("City") under the provisions of Internal Revenue Service ("IRS") Section 115 to promote and provide for additional and maximum employment opportunities, promote economic development, lessen the burden of government and act in the public interest. Specific focuses of the Corporation are the redevelopment of distressed areas in downtown Yonkers and the daylighting of the Saw Mill River. The Corporation is governed by Article 18-A of the General Municipal Law of the State of New York. The Corporation is exempt from federal, state and local income taxes. The sole member of the Corporation shall be the Deputy Mayor of the City, ex officio. The Corporation is managed by a Board of Directors that serves at the pleasure of the sole member and therefore, the City is considered able to impose its will on the Corporation.

**Note 2 - Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Corporation has been identified as a component unit of the City. In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 61, "*The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*", the Corporation's financial statements have been discretely presented in the City's financial statements.

**Basis of Accounting**

The accounting policies of the Corporation conform to generally accepted accounting principles as applicable to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Corporation reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Cash and Equivalents**

Cash and equivalents consist of funds deposited in demand deposit accounts. Collateral is required for these deposits at 100% of all deposits not covered by Federal deposit insurance. The Corporation has entered into custodial agreements with the depositories which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Receivables**

Receivables are recorded and revenues recognized as earned. Allowances would be recorded when appropriate.

**New Main Street Development Corporation**  
(A Component Unit of the City of Yonkers, New York)

Notes to Financial Statements (Continued)  
December 31, 2015

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**State and Federal 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.

**Due From/To City of Yonkers**

During the course of its operations, the Corporation has numerous transactions with the City to finance operations or provide services. To the extent that certain transactions between the Corporation and the City had not been paid or received as of December 31, 2015, balances of interfund amounts receivable or payable have been recorded.

**Land Held for Economic Development**

The Corporation records land held for economic development at cost. Cost includes land and property acquisition and other related closing costs. Once acquired, the properties will be condemned and redeveloped as waterfront open space.

**Net Position**

Net position represents the difference between assets and liabilities. Net position is reported as restricted only when there are limitations imposed on its use. The net position of the Corporation is classified as unrestricted.

**Use of Estimates**

The preparation of the 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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 January 19, 2016.

**Note 3 - Risk Management**

The Corporation purchases conventional insurance coverage for directors and officers liability. The current policy provides coverage up to \$1 million per occurrence or \$1 million for the period of the policy.

**Note 4 - Pension Plans and Other Post Employment Benefit Obligations**

The Corporation does not have any paid employees and therefore, does not provide pension or health care benefits for retired employees.

**New Main Street Development Corporation**  
(A Component Unit of the City of Yonkers, New York)

Notes to Financial Statements (Concluded)  
December 31, 2015

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**Note 5 - Revenues - Empire State Development Corporation**

The Corporation had entered into a cost reimbursement contract with the Empire State Development Corporation, through the City, for up to \$8 million to be used for the cost of the acquisition, via condemnation, of six properties located on New Main Street. Once acquired, the properties will be cleared and redeveloped as waterfront open space. The remaining funds under this contract will be available for use by the City.

**Note 6 - Dissolution**

The Corporation was dissolved on December 31, 2015. The dissolution was authorized by the sole member of the Corporation. All other assets and liabilities of the Corporation were transferred to either the City or the Yonkers Industrial Development Agency ("YIDA") on December 31, 2015. The transfers are itemized as follows:

	<u>City</u>	<u>YIDA</u>	<u>Total</u>
Land held for economic development	\$ (6,856,140)	\$ -	\$ (6,856,140)
Accounts payable	-	16,750	16,750
Due to City of Yonkers	<u>25,327</u>	<u>-</u>	<u>25,327</u>
	<u>\$ (6,830,813)</u>	<u>\$ 16,750</u>	<u>\$ (6,814,063)</u>

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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**

**The Board of Directors of the  
New Main Street 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 New Main Street Development Corporation ("Corporation") as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2016.

**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. 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 Corporation'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 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

January 19, 2016

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

**The Board of Directors of the  
New Main Street Development Corporation**

We have examined the New Main Street Development Corporation's ("Corporation") compliance with Section 2925(3)(1) of the New York State Public Authorities Law during the year ended December 31, 2015. 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, 2015.

This report is intended solely for the information and use of management, the Board of Directors, officials of the City of Yonkers, New York 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*

**O'Connor Davies, LLP**  
Harrison, New York  
January 19, 2016