

HAMBURG NEW YORK LAND DEVELOPMENT CORPORATION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

HAMBURG NEW YORK LAND DEVELOPMENT CORPORATION

Table of Contents

	<u>Page No.</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Position	4
Statements of Cash Flows	5
Notes to the Financial Statements	6-7

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hamburg New York Land Development Corporation
Hamburg, New York

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Hamburg New York Land Development Corporation as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 opinions 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 *Governmental 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hamburg New York Land Development Corporation as of December 31, 2013 and 2012, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

March 28, 2014

Tonawanda, New York

FINANCIAL STATEMENTS

HAMBURG NEW YORK LAND DEVELOPMENT CORPORATION

Statements of Financial Position December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 7,302	\$ 12,850
Total current assets	<u>7,302</u>	<u>12,850</u>
Property, plant and equipment:		
Land	<u>811,694</u>	<u>811,694</u>
Total property, plant and equipment	<u>811,694</u>	<u>811,694</u>
Total assets	<u>\$ 818,996</u>	<u>\$ 824,544</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Loan Payable	\$ 845,000	\$ 845,000
Net position (Deficit):		
Unrestricted	<u>(26,004)</u>	<u>(20,456)</u>
Total liabilities and net position	<u>\$ 818,996</u>	<u>\$ 824,544</u>

The accompanying notes are an integral part of the financial statements.

HAMBURG NEW YORK LAND DEVELOPMENT CORPORATION

Statements of Activities and Changes in Net Position For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Administration and other fees	\$ -	\$ -
Interest earnings - deposits	<u>8</u>	<u>23</u>
Total revenues	<u>8</u>	<u>23</u>
Expenses:		
Professional fees	191	9,655
Taxes and filing fees	35	50
Legal and accounting fees	75	1,840
Insurance	1,082	-
Property taxes	3,672	1,852
Interest expense	-	15,000
Bank fees	-	18
Marketing	<u>501</u>	<u>-</u>
Total expenses	<u>5,556</u>	<u>28,415</u>
Increase (decrease) in net position	(5,548)	(28,392)
Net position at beginning of the year	<u>(20,456)</u>	<u>7,936</u>
Net position at end of the year	<u><u>\$ (26,004)</u></u>	<u><u>\$ (20,456)</u></u>

The accompanying notes are an integral part of the financial statements.

HAMBURG NEW YORK LAND DEVELOPMENT CORPORATION

Statements of Cash Flows For the Years Ended December 31, 2013 and 2012

	<u>2012</u>	<u>2011</u>
Cash flows from (used by) operating activities:		
Increase in net position	\$ (28,392)	\$ (47,256)
Net cash flows from (used by) operating activities	<u>(28,392)</u>	<u>(47,256)</u>
Cash flows from (used by) investing activities:		
Purchase of land	<u>(5,894)</u>	<u>(805,800)</u>
Cash Flows from (used by) financing activities:		
Proceeds from issuance of debt	<u>20,000</u>	<u>750,000</u>
Increase (decrease) in cash flows	(14,286)	(103,056)
Cash and cash equivalents at beginning of year	<u>27,136</u>	<u>130,192</u>
Cash and cash equivalents at end of year	<u>\$ 12,850</u>	<u>\$ 27,136</u>
Cash paid for interest	<u>\$ 15,000</u>	<u>\$ 8,178</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

HAMBURG NEW YORK LAND DEVELOPMENT CORPORATION

Notes to the Financial Statements December 31, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Hamburg New York Land Development Corporation, Inc. (the Corporation) is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements based on guidelines set for nonprofit organizations.

Entity - The Corporation was created in 2010 under the provisions of the New York Not-for-Profit Corporation Law for the purpose of promoting community and economic development and the creation of jobs in the not-for-profit and for-profit sectors for the citizens of the Town of Hamburg by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects.

Basis of Accounting - The accounts of the Corporation are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Classifications of Net Position - The Corporation adopted Statement of Financial Accounting Standards FASB ASC 958, which requires the Corporation to report its net position and changes therein in the following categories:

Unrestricted Net Position - Unrestricted net position represent resources that are not subject to donor-imposed stipulations and thus are generally available for support of the Corporation's activities.

Temporarily Restricted Net Position - The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restriction. There was no temporarily restricted net position during 2013 or 2012.

Permanently Restricted Net Position - Permanently restricted net position results from donors who stipulate that their donated resources be maintained permanently. The Corporation is permitted to use or expend part or all of the income derived from the donated assets, restricted only by the donor's wishes. There was no permanently restricted net position during 2013 or 2012.

Cash and Cash Equivalents - For purposes of the financial statements, the Corporation considers cash in bank and petty cash to be cash equivalents.

Taxes - The Corporation is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as "other than a private foundation". Accordingly, no federal and state taxes have been recorded.

HAMBURG NEW YORK LAND DEVELOPMENT CORPORATION

Notes to the Financial Statements December 31, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies (Cont.)

Uncertain Tax Positions – Management has determined that the Corporation does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements.

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 revenues and expenses during the reported period and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Note 2 - Concentrations of Credit Risk

Cash in Banks - The Corporation has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At December 31, 2013 and 2012, cash on deposit did not exceed Federal insurance.

Note 3 – Related Party Transactions

Hamburg New York Land Development Corporation has an outstanding loan payable to the Town of Hamburg Industrial Development Agency in the amount of \$95,000 as of December 31, 2013 (\$95,000 in 2012) and an outstanding loan payable to the Town of Hamburg in the amount of \$750,000 as of December 31, 2013 (\$750,000 in 2012)

Note 4 - Subsequent Events

Hamburg New York Land Development Corporation has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 28, 2014.

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