

NIAGARA POWER COALITION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

INDEPENDENT AUDITORS' REPORT

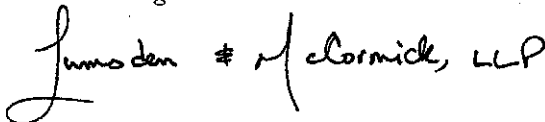
The Board of Directors
Niagara Power Coalition, Inc.

We have audited the accompanying balance sheets of Niagara Power Coalition, Inc. (the Coalition) (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Coalition's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2011, on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.



March 15, 2011

NIAGARA POWER COALITION, INC.

Balance Sheets

December 31,	2010	2009
Assets		
Current assets:		
Cash	\$ 55,800	\$ 63,848
Prepaid expenses	-	2,625
	<u>55,800</u>	<u>66,473</u>
Amounts held for the benefit of		
Host Community Standing Committee (Note 3)	<u>6,842,531</u>	<u>5,773,563</u>
	<u>\$ 6,898,331</u>	<u>\$ 5,840,036</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 5,686	\$ 4,339
Amounts due to Host Community Standing Committee (Note 3)	<u>6,842,531</u>	<u>5,773,563</u>
Unrestricted net assets	<u>50,114</u>	<u>62,134</u>
	<u>\$ 6,898,331</u>	<u>\$ 5,840,036</u>

See accompanying notes.

NIAGARA POWER COALITION, INC.

Statements of Activities

For the years ended December 31,	2010	2009
Changes in unrestricted net assets:		
Revenue and other support:		
Membership dues	<u>\$ 36,112</u>	<u>\$ 283,707</u>
Expenses:		
Program		
Legal and other professional fees	<u>32,895</u>	<u>63,093</u>
Administrative		
Rent	6,000	6,000
Clerical assistance	4,501	4,501
Consulting	4,086	3,100
Meetings	650	722
Supplies	-	200
	<u>15,237</u>	<u>14,523</u>
Total expenses	<u>48,132</u>	<u>77,616</u>
Change in unrestricted net assets	(12,020)	206,091
Unrestricted net assets (deficit) - beginning	<u>62,134</u>	<u>(143,957)</u>
Unrestricted net assets - ending	\$ 50,114	\$ 62,134

See accompanying notes.

NIAGARA POWER COALITION, INC.

Statements of Cash Flows

For the years ended December 31,	2010	2009
Operating activities:		
Change in unrestricted net assets	\$ (12,020)	\$ 206,091
Adjustments to reconcile change in unrestricted net assets to net cash flows from operating activities:		
Changes in assets and liabilities:		
Prepaid expenses	2,625	(2,625)
Accounts payable	1,347	(211,906)
Net operating activities	(8,048)	(8,440)
Cash - beginning	63,848	72,288
Cash - ending	\$ 55,800	\$ 63,848

See accompanying notes.

NIAGARA POWER COALITION, INC.

Notes to Financial Statements

1. Nature of Organization:

Niagara Power Coalition, Inc. (the Coalition) is a not-for-profit membership organization established to work with elected officials and representatives of the United States Federal Government and New York State Government in dealing with the New York State Power Authority (the Power Authority) and the relicensing of its Niagara County Facility. The Coalition is funded entirely by dues collected from seven governmental member organizations located within the boundaries of the Niagara Power Project. Coalition members include the County of Niagara, the City of Niagara Falls, the Town of Lewiston, the Town of Niagara, the Niagara Wheatfield Central School District, the Niagara Falls City School District and the Lewiston Porter Central School District.

2. Summary of Significant Accounting Policies

Basis of Presentation:

The Coalition is required to report information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily and permanently restricted net assets. The Coalition does not currently maintain any temporarily or permanently restricted net assets.

Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 15, 2011 (the date the financial statements were available to be issued).

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash:

At various times, cash in financial institutions may exceed federally insured limits and subject the Coalition to concentrations of credit risk.

Revenue Recognition:

The Coalition's revenue consists primarily of dues assessed the seven member organizations, and is recognized when billed.

Volunteer Services:

All members serve on a volunteer basis and are not paid for the time they devote to the management and operations of the Coalition. The Coalition's policy is to record revenue and expense for those specialized contributed services that the Coalition would be required to purchase at fair value had they not been contributed. Management has determined that member services do not meet these requirements and as such, no amounts have been reflected on the accompanying financial statements for the value of these services.

Income Taxes:

The Coalition is a 501(c)(4) corporation exempt from income taxes under Section 501(a) of the Internal Revenue Code. Management of the Coalition believes it is no longer subject to examination by Federal and State taxing authorities for years ended prior to December 31, 2007.

3. Amounts Held for the Host Community Standing Committee:

The Host Community Relicensing Agreement provides for the organization of the Host Community Greenway Fund Standing Committee (HC Committee) to administer and oversee projects financed by the Greenway Recreation/Tourism Fund. The HC Committee consists of all seven members of the Coalition and the Power Authority. The Power Authority is required to annually deposit \$3,000,000 into the Greenway/Recreation/Tourism Fund. The HC Committee has responsibility for selecting projects to be financed by the Fund, to ensure that funds that are used for construction and/or rehabilitation of parks, recreation, and related facilities, for the purpose of redefining the Niagara riverfront, promoting tourism, enhancing the environment, and advancing the economic revitalization of the Niagara River Greenway within Niagara County. Accounts are held for each of the Host Communities in a master money market account. The funds are allocated among the individual Host Community accounts in accordance with the percentages stated in the Coalition's by-laws (which allocation percentages can only be amended by unanimous vote of the Coalition's members). The Coalition, however, has no control over the approval of the projects or the disbursement of monies from the Host Community.

Fund balances and allocation percentages as of December 31, 2010 and 2009 are as follows:

		<u>2010</u>	<u>2009</u>
Niagara Falls City			
School District	14%	\$ 1,697,968	\$ 1,271,333
Lewiston Porter Central			
School District	14%	848,504	426,248
Niagara Wheatfield			
Central School District	12%	1,455,371	1,089,684
City of Niagara Falls	17%	270,930	607,212
Town of Lewiston	17%	556,726	1,152,604
County of Niagara	13%	1,576,684	1,180,523
Town of Niagara	13%	391,572	1,183
		<u>6,797,755</u>	<u>5,728,787</u>
Checking account		44,776	44,776
		<u>\$ 6,842,531</u>	<u>\$ 5,773,563</u>

Funding for the year ended December 31, 2010 consisted of the annual deposit amount made by the Power Authority totaling \$3,000,000 and interest earned on money market balances of \$28,542. As of December 31, 2010, a total of 21 projects had been approved for funding approximating \$23,600,000, and approximately \$5,300,000 had been disbursed.

Funding summary for the years ending December 31, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Beginning of year balance	\$ 5,773,563	\$ 6,040,317
Power Authority contributions	3,000,000	3,000,000
Interest earned	28,542	74,323
Project payments:		
Lewiston Porter Central		
School District	-	(840,000)
City of Niagara Falls	(850,000)	(932,577)
Town of Lewiston	(1,109,574)	(390,000)
Town of Niagara	-	(1,178,500)
End of year balance	<u>\$ 6,842,531</u>	<u>\$ 5,773,563</u>