

POTSDAM COMMUNITY  
DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS,  
MAY 31, 2011



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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
Potsdam Community Development Corporation

We have audited the accompanying statements of financial position of the Potsdam Community Development Corporation (a nonprofit Corporation), as of May 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Potsdam Community Development Corporation. 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. 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 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 Potsdam Community Development Corporation as of May 31, 2011 and 2010, 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.

*Pinto Mucenski Hooper Van House & Co.*  
Certified Public Accountants, P.C.

September 6, 2011

POTSDAM COMMUNITY DEVELOPMENT CORPORATION

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**POTSDAM COMMUNITY DEVELOPMENT CORPORATION**  
**COMPARATIVE STATEMENTS OF FINANCIAL POSITION,**  
**MAY 31, 2011 AND 2010**

<b>ASSETS</b>	<u>5/31/2011</u>	<u>5/31/2010</u>
Cash and Cash Equivalents	\$ 0	\$ 0
Loans Receivable	67,339	0
Accounts Receivable	<u>1,370</u>	<u>170</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 68,709</u></b>	<b><u>\$ 170</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Due to Village of Potsdam	\$ 67,339	\$ 0
Deferred Income	<u>1,200</u>	<u>0</u>
<b>TOTAL LIABILITES</b>	<b><u>\$ 68,539</u></b>	<b><u>\$ 0</u></b>
<b>NET ASSETS:</b>		
Unrestricted	<u>170</u>	<u>170</u>
<b>TOTAL</b>	<b><u>\$ 68,709</u></b>	<b><u>\$ 170</u></b>

POTSDAM COMMUNITY DEVELOPMENT CORPORATION

COMPARATIVE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010

	<u>5/31/2011</u>	<u>5/31/2010</u>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>		
Grants and Contracts	\$ 3,900	\$ 0
Interest Income	1,147	0
Donations	<u>3,000</u>	<u>0</u>
Total Revenues, Gains and Other Support	<u>\$ 8,047</u>	<u>\$ 0</u>
<b>EXPENSES:</b>		
Interest Expense	\$ 1,147	\$ 0
Contractual Expenses - Grant	3,900	0
Contractual Expenses - Other	<u>3,000</u>	<u>0</u>
Total Expenses	<u>\$ 8,047</u>	<u>\$ 0</u>
<b>CHANGE IN NET ASSETS</b>	\$ 0	\$ 0
<b>NET ASSETS - Beginning of Year</b>	<u>170</u>	<u>170</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 170</u>	<u>\$ 170</u>

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

**POTSDAM COMMUNITY DEVELOPMENT CORPORATION**

**COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

	<u>5/31/2011</u>	<u>5/31/2010</u>
<b>CHANGE IN NET ASSETS</b>	\$ 0	\$ 0
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Loans Receivable	\$ (67,339)	\$ 0
Accounts Receivable	(1,200)	1,575
Deferred Income	1,200	0
Due to Village of Potsdam	67,339	0
Accounts Payable	<u>0</u>	<u>(1,575)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 0	\$ 0
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>0</u>	<u>0</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>

**SUPPLEMENTAL CASH FLOW DISCLOSURES  
FOR THE YEARS ENDED MAY 31, 2011 AND 2010**

	<u>5/31/2011</u>	<u>5/31/2010</u>
Cash Paid During The Year For:		
Interest	<u>\$ 1,147</u>	<u>\$ 0</u>

**POTSDAM COMMUNITY DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS,  
MAY 31, 2011**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Potsdam Community Development Corporation is a nonprofit corporation formed for the purpose of assisting the Village of Potsdam with economic development, preserving and expanding affordable housing, and the preservation of landmarks.

**Basis of Accounting**

The financial statements of Potsdam Community Development Corporation have been prepared on the accrual basis of accounting.

**Net Asset Classifications**

Unrestricted net assets represent funds which are fully available, at the discretion of management and the Board of Directors, for the Corporation to utilize in any of its programs or operations.

Temporarily restricted net assets are comprised of funds which are restricted by donors for specific purposes or time periods. Currently, the Corporation has no temporarily restricted net assets.

Permanently restricted net assets include contributions which donors have specified must be maintained in perpetuity. The related income may be expended for a purpose specified by the donor. If no purpose is specified, the Board of Directors may designate the purpose. Currently, the Corporation has no permanently restricted net assets.

**Accounts Receivable**

The Corporation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Loans Receivable**

The Corporation, in conjunction with the Village of Potsdam, makes funds available to local business through the Village's revolving loan fund. During fiscal year 2011, the Village loaned the Corporation \$ 70,500, which was then loaned out to two local businesses.

**Deferred Income**

Deferred income consists of amounts designated for operating costs in fiscal year 2012.

**POTSDAM COMMUNITY DEVELOPMENT CORPORATION  
 NOTES TO FINANCIAL STATEMENTS,  
 MAY 31, 2011 (Continued):**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd**

**Income Taxes**

The Corporation is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

Accounting principles generally accepted in the United State of America require the Corporation to evaluate all significant tax positions. As of May 31, 2011 the Corporation does not believe that it has taken any positions that would require the recording of any tax liability, nor does it believe that there are any unrealized tax benefits that should be recorded. Also, the Corporation does not believe its financial statements include any uncertain tax positions for the open tax years of 2007 through 2010.

It is the Corporation's policy to classify income tax related interest and penalties in interest expense and miscellaneous expense, respectively.

**Cash and Cash Equivalent**

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

**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. Actual results could differ from those estimates.

**Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 1, 2011 through September 6, 2011, the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the statement of financial position date required to be recognized or disclosed in the accompanying financial statements.

**NOTE B - LOANS RECEIVABLE**

Loans receivable consist of the following at May 31, 2011:

St. Lawrence Chocolates, dated 11/1/10, with interest at 5%,.....	\$ 32,885
The Farrago, Inc., dated 2/24/11, With interest at 5%, .....	<u>34,454</u>
	<u>\$ 67,339</u>

**POTSDAM COMMUNITY DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS,  
MAY 31, 2011 (Continued):**

**NOTE B - LOANS RECEIVABLE, Cont'd**

Principal payments on loans receivable are as follows:

Year Ending May 31,		
2012,.....	\$	10,855
2013,.....		11,410
2014,.....		11,995
2015,.....		12,608
2016,.....		11,910
Thereafter.....		<u>8,561</u>
	\$	<u>67,339</u>