

**NIAGARA POWER COALITION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Niagara Power Coalition, Inc.  
Sanborn, New York

We have audited the accompanying balance sheets of Niagara Power Coalition, Inc. (the Coalition) (a nonprofit organization) as of December 31, 2009 and 2008, 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, 2009 and 2008, 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 12, 2010, 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 the 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 12, 2010

**NIAGARA POWER COALITION, INC.**

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**Balance Sheets**

<b>December 31,</b>	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 63,848	\$ 72,288
Prepaid expenses	2,625	-
	<u>66,473</u>	<u>72,288</u>
<b>Amounts held for the benefit of Host Community Standing Committee (Note 3)</b>	<u>5,773,563</u>	<u>6,040,317</u>
	<u>\$ 5,840,036</u>	<u>\$ 6,112,605</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 4,339	\$ 216,245
<b>Amounts due to Host Community Standing Committee (Note 3)</b>	<u>5,773,563</u>	<u>6,040,317</u>
<b>Unrestricted net assets (deficit)</b>	<u>62,134</u>	<u>(143,957)</u>
	<u>\$ 5,840,036</u>	<u>\$ 6,112,605</u>

*See accompanying notes.*

**NIAGARA POWER COALITION, INC.**

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**Statements of Activities**

<b>For the years ended December 31,</b>	<b>2009</b>	<b>2008</b>
<b>Changes in unrestricted net assets:</b>		
<b>Revenue and other support:</b>		
Membership dues	<u>\$ 283,707</u>	<u>\$ 535,297</u>
<b>Expenses:</b>		
Program		
Legal and other professional fees	63,093	366,864
Settlement	-	175,000
	<u>63,093</u>	<u>541,864</u>
Administrative		
Rent	6,000	12,000
Clerical assistance	4,501	4,501
Consulting	3,100	-
Meetings	722	1,291
Supplies	200	148
	<u>14,523</u>	<u>17,940</u>
<b>Total expenses</b>	<u>77,616</u>	<u>559,804</u>
<b>Change in unrestricted net assets</b>	<b>206,091</b>	<b>(24,507)</b>
Unrestricted net assets (deficit) - beginning	<u>(143,957)</u>	<u>(119,450)</u>
<b>Unrestricted net assets (deficit) - ending</b>	<b>\$ 62,134</b>	<b>\$ (143,957)</b>

**NIAGARA POWER COALITION, INC.**

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**Statements of Cash Flows**

<b>For the years ended December 31,</b>	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Change in unrestricted net assets	\$ 206,091	\$ (24,507)
Adjustments to reconcile change in unrestricted net assets to net cash flows from operating activities:		
Changes in assets and liabilities:		
Member dues receivable	-	24,301
Prepaid expenses	(2,625)	-
Accounts payable	(211,906)	(54,048)
<b>Net cash flows for operating activities</b>	<b>(8,440)</b>	<b>(54,254)</b>
Cash - beginning	\$ 72,288	126,542
<b>Cash - ending</b>	<b>63,848</b>	<b>\$ 72,288</b>

**Notes to Financial Statements**

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**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. The members are committed to continually fund the Coalition to alleviate the deficit net assets balance.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation:**

The financial statements are presented in accordance with the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. Under the Not-for-Profit Entities Topic section 210, 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:**

Subsequent events have been evaluated by management through March 12, 2010 (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 solely 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, 2006.

**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, 2009 and 2008 are as follows:

		<u>2009</u>	<u>2008</u>
Niagara Falls City			
School District	14%	\$ 1,271,333	\$ 845,602
Lewiston Porter Central			
School District	14%	426,248	845,602
Niagara Wheatfield			
Central School District	12%	1,089,684	724,772
City of Niagara Falls	17%	607,212	1,026,802
Town of Lewiston	17%	1,152,604	1,026,802
County of Niagara	13%	1,180,523	785,202
Town of Niagara	13%	1,183	785,202
		<u>5,728,787</u>	<u>6,039,984</u>
Checking account		44,776	333
		<u>\$ 5,773,563</u>	<u>\$ 6,040,317</u>

Funding for the year ended December 31, 2009 consisted of the annual deposit amount made by the Power Authority totaling \$3,000,000, an additional \$44,382 from the Power Authority for interest earned through July 1, 2008 on the initial \$3,000,000 payment to the fund, and interest earned on money market balances of \$29,941. As of December 31, 2009, a total of twelve projects had been approved for funding approximating \$21,100,000, and approximately \$3,300,000 had been disbursed.

Funding summary for the years ending December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Beginning of year balance	\$ 6,040,317	\$ -
Power Authority contributions		
contributions	3,000,000	6,000,000
Interest earned	74,323	40,317
Project payments:		
Lewiston Porter Central		-
School District	(840,000)	-
City of Niagara Falls	(932,577)	-
Town of Lewiston	(390,000)	-
Town of Niagara	(1,178,500)	-
End of year balance	<u>\$ 5,773,563</u>	<u>\$ 6,040,317</u>