

NIAGARA POWER COALITION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara Power Coalition, Inc.

We have audited the accompanying balance sheets of Niagara Power Coalition (the Coalition), a nonprofit organization, as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, 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 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 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 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 opinion.

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2017 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* in considering the Coalition's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

March 28, 2017

NIAGARA POWER COALITION, INC.

Balance Sheets

December 31,	2016	2015
Assets		
Current assets:		
Cash	\$ 100,516	\$ 44,196
Membership dues receivable	2,459	16,446
Prepaid expenses	3,189	3,821
	<u>106,164</u>	<u>64,463</u>
Amounts held for the benefit of Host Community Standing Committee (Note 2)	<u>4,861,165</u>	<u>3,780,612</u>
	<u>\$ 4,967,329</u>	<u>\$ 3,845,075</u>
Liabilities and Net Assets		
Liabilities:		
Amounts due to Host Community Standing Committee (Note 2)	\$ 4,861,165	\$ 3,780,612
Unrestricted net assets	<u>106,164</u>	<u>64,463</u>
	<u>\$ 4,967,329</u>	<u>\$ 3,845,075</u>

See accompanying notes.

NIAGARA POWER COALITION, INC.

Statements of Activities

For the years ended December 31,	2016	2015
Changes in unrestricted net assets:		
Revenue and other support:		
Membership dues	\$ 68,852	\$ 115,122
Other revenue	23,500	-
	<u>92,352</u>	<u>115,122</u>
Expenses:		
Program		
Legal and other professional fees	<u>34,197</u>	<u>42,448</u>
Administrative		
Salaries	9,582	9,303
Payroll taxes and benefits	942	1,188
Meetings	2,645	2,875
Office supplies	2,273	2,865
Insurance	1,012	1,054
	<u>16,454</u>	<u>17,285</u>
Total expenses	<u>50,651</u>	<u>59,733</u>
Change in unrestricted net assets	41,701	55,389
Unrestricted net assets - beginning	<u>64,463</u>	<u>9,074</u>
Unrestricted net assets - ending	\$ 106,164	\$ 64,463

See accompanying notes.

NIAGARA POWER COALITION, INC.

Statements of Cash Flows

For the years ended December 31,

2016

2015

Operating activities:

Change in unrestricted net assets \$ 41,701 \$ 55,389

Adjustments to reconcile change in unrestricted net assets
to net cash flows from operating activities:

Changes in assets and liabilities:

Membership dues receivable 13,987 (16,446)

Prepaid expenses 632 (3,821)

Accounts payable - (15,818)

Net operating activities 56,320 19,304

Cash - beginning 44,196 24,892

Cash - ending \$ 100,516 \$ 44,196

NIAGARA POWER COALITION, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

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.

Basis of Presentation:

The Coalition is required to report information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, 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 28, 2017, 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.

Income Taxes:

The Coalition is a §501(c)(4) organization exempt from income taxes under §501(a) of the Internal Revenue Code.

2. 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 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 Fund. The HC Committee has responsibility for selecting projects to be financed by the Fund and for ensuring that funds 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. 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.

The HC Committee is also responsible for having each individual project audited to ensure that expenditure of grant funds is consistent with the requirements of the project and the intent of the Fund.

Cash balances and allocation percentages as of December 31, 2016 and 2015 are as follows:

		<u>2016</u>	<u>2015</u>
Niagara Falls City			
School District	14%	\$ 229,567	\$ 868,294
Lewiston Porter Central			
School District	14%	435,067	434,771
Niagara Wheatfield			
Central School District	12%	1,443,000	1,081,734
City of Niagara Falls	17%	562,366	52,108
Town of Lewiston	17%	392,412	297,286
County of Niagara	13%	430,831	40,655
Town of Niagara	13%	1,323,146	960,988
		<u>4,816,389</u>	<u>3,735,836</u>
Checking account		44,776	44,776
		<u>\$ 4,861,165</u>	<u>\$ 3,780,612</u>

As of December 31, 2016, a total of seven projects remain in progress and have been approved for funding approximating \$18,496,000. Of this amount, \$7,940,000 has been disbursed to date.

The funding summary for the years ended December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Beginning of year balance	\$ 3,780,612	\$ 4,807,622
Power Authority contributions	3,000,000	3,000,000
Interest earned	4,466	3,743
Return of unused funds:		
City of Niagara Falls	-	102,179
Town of Niagara	353,840	-
Project disbursements:		
Town of Niagara	(383,000)	(707,680)
Niagara Falls City		
School District	(1,059,653)	-
City of Niagara Falls	-	(1,711,000)
Town of Lewiston	(415,100)	(478,640)
County of Niagara	-	(815,612)
Lewiston Porter Central		
School District	(420,000)	(420,000)
Niagara Wheatfield		
Central School District	-	-
End of year balance	<u>\$ 4,861,165</u>	<u>\$ 3,780,612</u>