

**FULTON COUNTY CENTER
FOR REGIONAL GROWTH, INC.
AND
FULTON COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

CONTENTS

PAGE

FINANCIAL STATEMENTS

Independent auditors' report	1 – 2
Consolidated statements of financial position	3
Consolidated statements of activities	4
Consolidated statements of changes in net assets	4
Consolidated statements of cash flows	5
Notes to consolidated financial statements	6 – 13
Supplementary information	14 – 17



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fulton County Center for Regional Growth, Inc., and
Fulton County Economic Development Corporation
Johnstown, New York

We have audited the accompanying consolidated financial statements of the Fulton County Center for Regional Growth, Inc., and the Fulton County Economic Development Corporation (nonprofit organizations) which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Fulton County Center for Regional Growth, Inc., and the Fulton County Economic Development Corporation as of December 31, 2014 and 2013, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The combining statements of financial condition and activities on pages 14 through 17, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

WEST & COMPANY CPAs PC

Gloversville, New York
June 30, 2015

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

- ASSETS -	2014	2013
ASSETS:		
Cash - unrestricted	\$ 166,864	\$ 30,877
Investments	221,634	294,703
Notes receivable	0	806
Interest receivable	15,672	10,566
Other receivables	541,000	264,938
Prepaid expenses	2,623	5,840
Total current assets	947,793	607,730
PROPERTY AND EQUIPMENT - NET	4,179	7,036
OTHER ASSETS		
Options on land	5,300	5,300
TOTAL ASSETS	\$ 957,272	\$ 620,066
- LIABILITIES AND NET ASSETS -		
LIABILITIES:		
Accounts payable	\$ 304,969	\$ 56,768
Accrued expenses	67,555	17,539
Total liabilities	372,524	74,307
NET ASSETS:		
Unrestricted	559,378	520,389
Temporarily restricted	25,370	25,370
Total net assets	584,748	545,759
TOTAL LIABILITIES AND NET ASSETS	\$ 957,272	\$ 620,066

See accompanying notes.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
REVENUES						
Program income	\$ 82,602	\$ 0	\$ 82,602	\$ 58,962	\$ 0	\$ 58,962
Interest income and other	1,655	0	1,655	40,367	99	40,466
Memberships	0	0	0	10,700	0	10,700
Administrative revenue	78,711	0	78,711	76,706	0	76,706
Management fee income CIC	354,250	0	354,250	180,000	0	180,000
Gain on investments - net	18,145	0	18,145	36,985	0	36,985
Total revenue	535,363	0	535,363	403,720	99	403,819
EXPENSES						
General and administrative	493,511	0	493,511	474,599	30	474,629
Depreciation and amortization	2,858	0	2,858	3,248	0	3,248
Total expenses	496,369	0	496,369	477,847	30	477,877
CHANGE IN NET ASSETS	\$ 38,994	\$ 0	\$ 38,994	\$ (74,127)	\$ 69	\$ (74,058)
NET ASSETS AT BEGINNING OF THE YEAR	\$ 520,389	\$ 25,370	\$ 545,759	\$ 594,516	\$ 4,333,733	\$ 4,928,249
Change in net assets for the year	38,994	0	38,994	(74,127)	69	(74,058)
Other changes in net assets	(5)	0	(5)	0	(4,308,432)	(4,308,432)
NET ASSETS AT END OF THE YEAR	\$ 559,378	\$ 25,370	\$ 584,748	\$ 520,389	\$ 25,370	\$ 545,759

See accompanying notes.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 38,994	\$ (74,058)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,858	3,248
Realized and unrealized (gain on investments)	(18,145)	(36,985)
Changes in:		
Interest receivable	(5,106)	514,418
Other receivables	(276,062)	(61,941)
Prepaid expenses	3,217	661
Accrued expenses	50,016	(20,190)
Accounts payable	248,195	(89,707)
	43,967	235,446
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of assets	91,214	146,879
Options on land	0	(5,300)
New loans and notes receivable issued	0	2,869,636
Principal collected on notes receivable	806	0
	92,020	3,011,215
Net cash provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) in net assets due to removal of loan funds' beginning net assets	0	(4,308,432)
Refundable advances	0	(158,137)
	0	(4,466,569)
Net cash (used) by financing activities		
NET INCREASE (DECREASE) IN CASH	135,987	(1,219,908)
CASH UNRESTRICTED AND RESTRICTED - BEGINNING	30,877	1,250,785
CASH UNRESTRICTED AND RESTRICTED - ENDING	\$ 166,864	\$ 30,877

See accompanying notes.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1 – NATURE OF OPERATIONS

The Organization

The Fulton County Center for Regional Growth, Inc. (CRG or Organization collectively) was incorporated under the not for profit laws of the State of New York on March 2, 2012, as the successor to Fulton County Economic Development Corporation (FCEDC), which was formed on September 1, 1955 under the not for profit laws of the State of New York. CRG's primary purpose is to promote economic development within Fulton County, New York. It does this primarily through the marketing, promotion and the administration of a number of governmental grants and projects, including:

Revolving Loan Pools – Revolving loan pools are for industrial expansions or start-up businesses. Low interest loans are available through the loan pool for qualified businesses. These are funded through Small Cities Community Development Block Grant (CDBG), Urban Development Action Grant (UDAG), awards from the U.S. Department of Housing and Urban Development (HUD) and the City of Johnstown.

Crossroads Industrial Park – The Park is located on Route 29A and Harrison Street Extension. It is funded by the U.S. Economic Development Administration (EDA), Fulton County and the City of Gloversville.

Johnstown Industrial Park – The Park, located on Route 30A in Johnstown, contains 125 acres, of which 65 acres are industrially developed. The Park is sponsored by the City of Johnstown and administered by the CRG.

Crossroads Business Park – The Park, located on S. Kingsboro Ave. Extension, contains 70 acres, of which 5 acres are industrially developed. The Park is sponsored by the City of Gloversville and administered by the CRG.

Empire Zone (EZ) – The EZ is located in the southern section of Gloversville, from Main Street to the Crossroads Industrial Park. The EZ also encompasses the Johnstown Industrial Park, the former Johnstown Hotel location, the former Johnstown Knitting Mill location within the City of Johnstown and Patch Road located in the Town of Mayfield.

Incubator Building – Assisting on the development of an industrial building constructed in the Crossroads Industrial Park to provide low cost space for new industries. It is funded using discretionary state funds obtained by state legislators, Fulton County, an Urban Development Action Grant and tax-exempt revenue bonds.

Business Assistance Center – Provides technical assistance to new businesses relating to business plans, legal and/or accounting needs. A cooperative venture between the CRG, local professional consultants and other publicly-funded development organizations; the Center is funded by Adirondack North Country Association, discretionary state funds secured by state legislators and the CRG.

Estee Commons Apartment Complex – The complex is located in downtown Gloversville on Main Street and Fremont Street. The Complex was formerly Estee Commons School. The Complex was rehabilitated by Crossroads Incubator Corporation into 39 apartment units. This project is important for the revitalization of downtown Gloversville.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 1 – NATURE OF OPERATIONS – (CONTINUED)

The Organization – (Continued)

The Organization shares facilities and staffing with Crossroads Incubator Corporation and Crossroads Two Incubator Corporation (together “CIC”) and shares their mission of supporting economic development in Fulton County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

These financial statements have been prepared under the accrual method of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. The accounting principles under GAAP are defined by the Financial Accounting Standards Board (FASB) under the Accounting Standards Codification (ASC) as updated by Accounting Standards Updates (ASU).

Basis of Consolidation

These financial statements include Fulton County Center for Regional Growth, Inc., and Fulton County Economic Development Corporation. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Basis of Accounting and Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – are net assets that are not subject to imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the grantor.

Temporarily restricted net assets – are net assets subject to imposed restrictions that may or will be met by actions of the Organization or that expire with the passage of time. Temporarily restricted net assets are restricted for use in the Business Assistance Center Fund (BAF), Community Development Block Grant (CDBG), Johnstown Urban Development Action Grant (JUDAG), Gloversville Urban Development Action Grant (GUDAG) and the Johnstown Economic Development Corporation (JEDC) revolving loan pools in providing loans to local businesses. The activity and balances in these loan pools have been removed for financial statement purposes as of December 31, 2013, see Note 11, Other Changes in Net Assets.

Permanently restricted net assets – are net assets subject to grantor-imposed restrictions that they be maintained permanently by the Organization.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Fund Accounting – (Continued)

Due to the nature of fund accounting, when expenses are incurred related to programs in the temporarily restricted funds (as noted below) asset transfers are reflected as net assets released from restriction on the statement of activities.

Operating Fund – Unrestricted

The operating fund is the general operating fund of the Organization. It is used to account for unrestricted resources used in economic development activities not accounted for in another fund group.

Operating Fund – Temporarily Restricted

Business Assistance Center Fund (BAC Fund) notes receivable consist of one outstanding loan. The loan agreement provides for monthly amortization payments, bears interest at 7.0% and carries a due date of April 1, 2014. The loan is collateralized by machinery, equipment and a building, and contains a personal guarantee provision.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid financial instruments purchased with maturities of three months or less to be cash equivalents. The Organization maintains cash balances at various banks. From time to time, the Organization's bank balances exceed federal deposit limits. Management considers this to be a normal business risk.

Restricted Cash

Restricted cash, which consists principally of cash and cash equivalents, represent amounts to be used for future lending within the temporarily restricted grants funds.

Investments

All investments in publicly traded debt securities and equity securities are stated at fair value. Fair value is determined using quoted market prices. All realized gains and losses are recognized on specifically identified investments when securities are sold.

In accordance with generally accepted accounting principles, the Organization reflects investments at fair value in the statement of financial position. Interest, dividends, gains and losses on investments are reflected in the statement of activities.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Fair Value Measurements

The Organization follows financial accounting standards related to fair value measurements and disclosures which provides a fair value hierarchy, which prioritizes information used to measure fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy for inputs used in measuring fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect on the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs.

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. Examples of assets carried at the Level 1 fair value generally are equity securities listed in active markets and investments in publicly traded mutual funds with quoted market prices.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset/liability's anticipated life.

Level 3 – Inputs are unobservable and cannot be corroborated by observable market data. Inputs generally reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in this valuation technique and the risk inherent in the inputs to the model.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair-value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair-value is greatest for instruments categorized in Level 3. In certain cases, for disclosure purposes the level in the fair-value hierarchy with which the fair-value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair-value measurement in its entirety.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. All significant assets with an estimated useful life beyond one year are capitalized. Depreciation is computed over the estimated useful lives of the assets using both straight-line and accelerated methods.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Advertising Costs

All advertising costs are expensed as incurred.

Income Taxes

The Organizations are tax exempt under Section 501(c)(3) of the Internal Revenue Code and similar provisions of New York State Regulations. As such, they are exempt from both federal and State income tax.

The Organizations file tax exempt income tax returns in U.S. federal jurisdiction and New York State. The Organizations' returns for its years ended December 31, 2012, 2013 and 2014, are subject to U.S. federal and New York State income tax examination by tax authorities.

The Organizations follow the provision of uncertain tax positions as addressed in the FASB ASC 740. The Organizations have been granted tax exempt status, which management believes would be accepted upon examination by the taxing authorities. Management has determined that it currently has no other uncertain tax positions or unrecognized tax benefits to report for the year ended.

The primary income tax position taken by Organizations for any years open under the various statutes of limitations are (1) that the Organization continues to be exempt from income taxes and (2) that the Organization does not have unrelated business income that would be subject to income taxes.

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. Accordingly, actual results could differ from those estimates.

NOTE 3 – INVESTMENTS

Investments consist of cash, publicly held stocks, bonds, money market funds, mutual funds and other marketable securities. The table below sets forth the representative values:

December 31, 2014

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Common and preferred stock	\$ 70,205	\$ 151,165	\$ 80,960
U.S. Government obligations	59,887	64,290	4,403
Cash and cash equivalents	<u>6,179</u>	<u>6,179</u>	<u>0</u>
Total investments	<u>\$ 136,271</u>	<u>\$ 221,634</u>	<u>\$ 85,363</u>

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 3 – INVESTMENTS – (CONTINUED)

December 31, 2013

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Common and preferred stock	\$ 89,978	\$ 171,874	\$ 81,896
U.S. Government obligations	109,527	119,741	10,214
Cash and cash equivalents	3,088	3,088	0
Total investments	\$ 202,593	\$ 294,703	\$ 92,110

Fair value stated in accordance with FASB (ASC) and are all level 2 inputs.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Furniture and fixtures	\$ 4,100	\$ 4,100
Computers and equipment	8,202	8,202
Other	10,433	10,433
Total cost	22,735	22,735
Less: Accumulated depreciation	(18,556)	(15,699)
Property and equipment, net	\$ 4,179	\$ 7,036

Depreciation expense for the years ended December 31, 2014 and 2013 were \$2,858 and \$3,248, respectively.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

The FCEDC has temporarily restricted net assets of \$25,370 at December 31, 2014 and 2013.

NOTE 6 – CROSSROADS INCUBATOR CORPORATION

CRG and FCEDC engage in various transactions with Crossroads Incubator Corporation (CIC). These consist primarily of various shared expenses including marketing and administrative services, insurance, telephone and internet service and various office expenses. Total revenue from CIC and FCEDC related to these transactions during 2014 and 2013 were approximately \$-0- and \$26,000, respectively.

In addition, CRG reimburses CIC for certain employee wages related to time spent providing accounting and bookkeeping services for CRG. During 2014 and 2013, the Organization received \$354,250 and \$180,000, respectively, in management fee income from CIC. Finally, CRG rents office space from CIC. Rental expenses for 2014 and 2013 approximated \$5,181 and \$10,800, respectively. Total balances receivable from CIC at December 31, 2014 and 2013, were \$273,814 and \$152,887, respectively.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 6 – CROSSROADS INCUBATOR CORPORATION – (CONTINUED)

At December 31, 2014 and 2013, FCEDC had outstanding loans receivable from CIC in the amounts of \$1,286,520 and \$1,289,683, respectively. Total interest income for FCEDC from CIC amounted to \$124,030 and \$126,982 in 2014 and 2013, respectively. Total interest receivable related to the loans amounted to \$275,317 and \$251,217 as of December 31, 2014 and 2013, respectively.

NOTE 7 – ADMINISTRATIVE REVENUE

CRG derives revenue from the administration of the Community Development Block Grant Fund, Gloversville Urban Development Action Grant Fund, Johnstown Urban Development Action Grant Fund, Johnstown Economic Development Corporation Fund and related revolving loan pools. Administrative revenue is also derived from charges for administrative expenses incurred on behalf of CIC. Administrative revenue consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
BAC Fund	\$ 0	\$ 30
CDBG Fund	33,802	29,592
GUDAG Fund	26,124	32,188
JUDAG Fund	5,168	3,395
JEDC Fund	5,106	1,415
Other sources (including CIC)	<u>8,511</u>	<u>10,086</u>
Total administrative revenue	<u>\$ 78,711</u>	<u>\$ 76,706</u>

NOTE 8 – PENSION PLAN

CRG sponsors a defined contribution pension plan that covers substantially all employees who meet eligibility requirements. Contributions to the plan are discretionary and determined annually by the Board of Directors. Pension expenses were \$16,767 and \$21,116 for the years ended December 31, 2014 and 2013, respectively.

NOTE 9 – SUBSEQUENT EVENTS

The Organizations have evaluated subsequent events through the date at which the consolidated financial statements were available for issuance. There are no reportable subsequent events.

NOTE 10 – CONTINGENCIES

The City of Gloversville, New York has commenced legal action against CRG, FCEDC and CIC for the return of the Gloversville Urban Development Action Grant (GUDAG) loan fund and for alleged improper loans to CIC.

FCEDC has commenced the process to formally dissolve itself.

In these matters, the Organization has retained legal counsel and believes it has sustainable positions. The outcome of these pending legal actions is not known at this time, and no provision has been made in these consolidated financial statements for any potential effect of the outcomes.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 11 – OTHER CHANGE IN NET ASSETS

Management and the Board of Directors of the CRG and FCEDC, have determined that the various loan pool funds and associated assets previously included in the temporarily restricted net assets of the CRG and FCEDC, should not have been included in the consolidated financial statements.

The CRG and FCEDC are only administrators of these loan pools.

Accordingly, these funds have been removed as of December 31, 2013.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

COMBINING STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2014

- ASSETS -

ASSETS:	Totals	Unrestricted			Total Temp. Restricted	Temporarily Restricted EDC
		Unrestricted	CRG	EDC		
CURRENT ASSETS						
Cash - unrestricted	\$ 166,864	\$ 166,864	\$ 149,387	\$ 17,477	\$ 0	\$ 0
Investments	221,634	221,634	0	221,634	0	0
Notes receivable	0	0	0	0	0	0
Accounts and interest receivable	15,672	15,672	0	15,672	0	0
Other receivables	541,000	541,000	541,000	0	0	0
Prepaid expenses	2,623	2,623	1,348	1,275	0	0
TOTAL CURRENT ASSETS	947,793	947,793	691,735	256,058	0	0
PROPERTY AND EQUIPMENT - NET	4,179	4,179	189	3,990	0	0
OTHER ASSETS	5,300	5,300	0	5,300	0	0
TOTAL ASSETS	\$ 957,272	\$ 957,272	\$ 691,924	\$ 265,348	\$ 0	\$ 0

- LIABILITIES AND NET ASSETS -

LIABILITIES:						
Accounts payable	\$ 304,969	\$ 304,969	\$ 3,603	\$ 301,366	\$ 0	\$ 0
Accrued expenses	67,555	67,555	67,555	0	0	0
TOTAL LIABILITIES	372,524	372,524	71,158	301,366	0	0
NET ASSETS:						
Net assets - beginning unrestricted	520,389	520,389	177,415	342,974	0	0
Net assets - beginning temp restricted	25,370	25,370	0	25,370	0	0
Beginning net assets	545,759	545,759	177,415	368,344	0	0
Net income	38,994	38,994	443,351	(404,357)	0	0
Net assets unrestricted	584,753	584,753	620,766	(36,013)	0	0
Net assets temporarily restricted	(5)	(5)	0	(5)	0	0
TOTAL NET ASSETS	584,748	584,748	620,766	(36,018)	0	0
TOTAL LIABILITIES AND NET ASSETS	\$ 957,272	\$ 957,272	\$ 691,924	\$ 265,348	\$ 0	\$ 0

See independent accountants' report on supplemental information.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

COMBINING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted					Total Temporarily Restricted	Temporarily Restricted EDC
	Totals	Total Unrestricted	Eliminations	CRG	EDC		
REVENUE							
Program income	\$ 82,602	\$ 82,602	\$ 0	\$ 82,602	\$ 0	\$ 0	\$ 0
Interest income and other	1,655	1,655	0	0	1,655	0	0
Administrative revenue	78,711	78,711	0	0	78,711	0	0
Intercompany revenue	354,250	354,250	(339,750)	694,000	0	0	0
Gain on investments - net	18,145	18,145	0	0	18,145	0	0
TOTAL REVENUE	535,363	535,363	(339,750)	776,602	98,511	0	0
EXPENSES							
General and administrative	493,511	493,511	0	332,968	160,543	0	0
Intercompany expense	0	0	(339,750)	0	339,750	0	0
Depreciation and amortization	2,858	2,858	0	283	2,575	0	0
Loan loss reserve	0	0	0	0	0	0	0
TOTAL OTHER INCOME (EXPENSE)	496,369	496,369	(339,750)	333,251	502,868	0	0
CHANGE IN NET ASSETS	\$ 38,994	\$ 38,994	\$ 0	\$ 443,351	\$ (404,357)	\$ 0	\$ 0
COMBINING STATEMENTS OF NET ASSETS							
BEGINNING BALANCE	\$ 545,759	\$ 545,759	\$ 0	\$ 177,415	\$ 368,344	\$ 0	\$ 0
Change in net assets for the year	38,994	38,994	0	443,351	(404,357)	0	0
Other changes in net assets	(5)	(5)	0	0	(5)	0	0
NET ASSETS AT END OF YEAR	\$ 584,748	\$ 584,748	\$ 0	\$ 620,766	\$ (36,018)	\$ 0	\$ 0

See independent accountants' report on supplemental information.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

COMBINING STATEMENT OF FINANCIAL CONDITION

FOR THE YEAR ENDED DECEMBER 31, 2013

- ASSETS -						
ASSETS:	Totals	Unrestricted			Total Temp. Restricted	Temporarily Restricted EDC
		Total Unrestricted	CRG	EDC		
CURRENT ASSETS						
Cash - unrestricted	\$ 30,877	\$ 30,877	\$ 27,292	\$ 3,585	\$ 0	\$ 0
Cash - restricted	0	(22,738)	0	(22,738)	22,738	22,738
Investments	294,703	294,703	0	294,703	0	0
Notes receivable	806	0	0	0	806	806
Accounts and interest receivable	10,566	8,740	0	8,740	1,826	1,826
Other receivables	264,938	264,938	167,822	97,116	0	0
Prepaid expenses	5,840	5,840	4,756	1,084	0	0
TOTAL CURRENT ASSETS	607,730	582,360	199,870	382,490	25,370	25,370
PROPERTY AND EQUIPMENT - NET	7,036	7,036	472	6,564	0	0
OTHER ASSETS	5,300	5,300	0	5,300	0	0
TOTAL ASSETS	\$ 620,066	\$ 594,696	\$ 200,342	\$ 394,354	\$ 25,370	\$ 25,370
- LIABILITIES AND NET ASSETS -						
LIABILITIES:						
Accounts payable	\$ 56,768	\$ 56,768	\$ 5,388	\$ 51,380	\$ 0	\$ 0
Accrued expenses	17,539	17,539	17,539	0	0	0
TOTAL LIABILITIES	74,307	74,307	22,927	51,380	0	0
Net assets unrestricted	520,389	520,389	177,415	342,974	0	
Net assets temporarily restricted	25,370	0	0	0	25,370	25,370
TOTAL NET ASSETS	545,759	520,389	177,415	342,974	25,370	25,370
TOTAL LIABILITIES AND NET ASSETS	\$ 620,066	\$ 594,696	\$ 200,342	\$ 394,354	\$ 25,370	\$ 25,370

See independent accountants' report on supplemental information.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC., AND
FULTON COUNTY ECONOMIC DEVELOPMENT CORPORATION**

COMBINING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

	Totals	Unrestricted			Total Temporarily Restricted	Temporarily Restricted EDC	
		Total Unrestricted	Eliminations	CRG EDC			
REVENUE							
Program income	\$ 58,962	\$ 58,962	\$ 0	\$ 58,962	\$ 0	\$ 0	
Interest income and other	40,466	40,367	0	16	40,351	99	
Memberships	10,700	10,700	0	10,700	0	0	
Administrative revenue	76,706	76,706	0	0	76,706	0	
Management fee income CIC	180,000	180,000	(180,000)	360,000	0	0	
Gain on investments - net	36,985	36,985	0	0	36,985	0	
TOTAL REVENUE	403,819	403,720	(180,000)	429,678	154,042	99	
EXPENSES							
General and administrative	474,629	474,599	0	458,465	16,134	30	
Intercompany expense	0	0	(180,000)	0	180,000	0	
Depreciation and amortization	3,248	3,248	0	307	2,941	0	
TOTAL OTHER INCOME (EXPENSE)	477,877	477,847	(180,000)	458,772	199,075	30	
CHANGE IN NET ASSETS	\$ (74,058)	\$ (74,127)	\$ 0	\$ (29,094)	\$ (45,033)	\$ 69	
COMBINING STATEMENTS OF NET ASSETS							
BEGINNING BALANCE	\$ 4,928,249	\$ 594,516	\$ 0	\$ 206,509	\$ 388,007	\$ 4,333,733	\$ 0
Change in net assets for the year	(74,058)	(74,127)	0	(29,094)	(45,033)	69	69
Other changes in net assets	(4,308,432)	0	0	0	0	(4,308,432)	25,301
NET ASSETS AT END OF YEAR	\$ 545,759	\$ 520,389	\$ 0	\$ 177,415	\$ 342,974	\$ 25,370	\$ 25,370

See independent accountants' report on supplemental information.

