

TOWN OF BOLTON LOCAL
DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

TOWN OF BOLTON LOCAL
DEVELOPMENT CORPORATION

TABLE OF CONTENTS
DECEMBER 31, 2013 AND 2012

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Net Position	3
Statements of Revenue, Expenses and Changes in Net Position	4
Statements of Cash Flows	5
Notes to Financial Statements	6-7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	8-9

E. PETER MARSHALL

CERTIFIED PUBLIC ACCOUNTANT

E. Peter Marshall, CPA

Peter R. Marshall, CPA
Christine A. Marshall
Kimberly A. Deuel
Rita L. Marshall

MARSHALL ASSOCIATES

P.O. Box 145, 258 Ridge Street
Glens Falls, New York 12801
(518) 792-1162
Fax 792-1104

P.O. Box 55
Lake George, New York 12845

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Town of Bolton Local Development Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Town of Bolton Local Development Corporation (the "Corporation") as of and for the years December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit 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 I plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation as of December 31, 2013 and 2012 and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 26, 2014 on my consideration of the Corporation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Corporation's internal control over financial reporting and compliance.



E. Peter Marshall, CPA

March 26, 2014

TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
 STATEMENTS OF NET POSITION
 DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash in bank	\$ 3,415	\$ 7,340
Receivable from subsidiary	<u>-</u>	<u>9,959</u>
Total current assets	<u>3,415</u>	<u>17,299</u>
OTHER ASSET		
Investment in subsidiary -note 3	<u>4,559,833</u>	<u>4,559,833</u>
	\$ <u>4,563,248</u>	\$ <u>4,577,132</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accrued NY state franchise tax	\$ 1,022	\$ -
Current portion of long-term debt	<u>108,745</u>	<u>102,936</u>
Total current liabilities	109,767	102,936
LONG-TERM DEBT		
Mortgage payable, net of current portion - note 4	1,713,862	1,822,599
Note payable - note 4	<u>2,000,000</u>	<u>2,000,000</u>
Total long term debt	<u>3,713,862</u>	<u>3,822,599</u>
NET POSITION		
Common stock	1,000	1,000
Paid in capital	288,474	288,474
Retained earnings	<u>450,145</u>	<u>362,123</u>
Total Net Position	<u>739,619</u>	<u>651,597</u>
	\$ <u>4,563,248</u>	\$ <u>4,577,132</u>

See the Independent Auditor's report and the accompanying notes which are an integral part of these financial statements.

TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION
 DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
INCOME		
Dividends	\$ 201,221	\$ 75,175
Corporation tax benefits - subsidiary	-	18,339
Interest	<u>6</u>	<u>10</u>
Total income	<u>201,227</u>	<u>93,524</u>
EXPENDITURES		
Interest	104,773	110,645
Insurance	2,841	1,844
New York State franchise tax	1,043	-
Professional fees	<u>4,548</u>	<u>6,187</u>
Total expenditures	<u>113,205</u>	<u>118,676</u>
Excess (deficiency) of income to expenditures	88,022	(25,152)
NET POSITION, Beginning of year	<u>651,597</u>	<u>676,749</u>
NET POSITION, End of year	\$ <u>739,619</u>	\$ <u>651,597</u>

See the Independent Auditor's report and the accompanying notes which are an integral part of these financial statements.

TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
 STATEMENTS OF CASH FLOWS
 DECEMBER 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividend income	\$ 201,221	\$ 75,175
Payments from subsidiary	9,959	116,187
Accrued tax liability	<u>1,022</u>	<u>-</u>
Net cash provided (used) by operating activities	212,202	191,362
Cash (used) by financing activities		
Payments on mortgage	(102,928)	(97,056)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Interest earned	6	10
Payments to subsidiary	<u>(113,205)</u>	<u>(100,337)</u>
Net cash provided (used) in investing activities	<u>(113,199)</u>	<u>(100,327)</u>
NET INCREASE (DECREASE) IN CASH	(3,925)	(6,021)
CASH AT BEGINNING OF YEAR	<u>7,340</u>	<u>13,361</u>
CASH AT END OF YEAR	\$ <u>3,415</u>	\$ <u>7,340</u>

See the Independent Auditor's report and the accompanying notes which are an integral part of these financial statements.

TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012

NOTE 1 - ORGANIZATION

The Town of Bolton Local Development Corporation (the "Corporation") was incorporated in New York State on March 10, 2005 as a special not-for-profit corporation pursuant to Article 14 of New York State Not-For-Profit Corporation Law. The core purpose of creating the corporation was to create a local development organization that would promote tourist business activities within the Town of Bolton, which is a municipality principally comprised of family-owned motels, a destination resort hotel, tourist oriented retail shops and camping, boating, fishing and "day-use activities" on Lake George.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared based on the accrual basis of accounting.

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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INCOME TAXES

The corporation files a consolidated Federal Corporation Tax Return with its wholly owned subsidiary, Norowal Marina, Inc. and a separate New York State General Business Tax Return. The Corporation pays Federal income tax and New York State franchise tax based on its net income. The company adopted FASB Accounting Standards Codification (ASC) 740-10 which was issued in July 2006. FASB 740-10, prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as disavowal, interest, penalties and disclosures required. The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2009-2011. In accordance with FASB 740-10 the Company has recognized a corporation tax benefit of \$ 0 and \$ 18,339 from the subsidiary's consolidated 2013 and 2012 filing respectively.

TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 DECEMBER 31, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

SUBSEQUENT EVENTS EVALUATED BY MANAGEMENT

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through March 26, 2014 which is the date the financial statements were available to be issued

NOTE 3 - INVESTMENT

Investment represents the ownership of 200 shares No Par Value Stock of its wholly owned subsidiary, Norowal Marina, Inc.. Norowal Marina, Inc. was purchased in 2005 at a cost of \$ 4,559,883. The marina is operated as a park and launch facility with seasonal mooring slips, winter storage and basic amenities such as showers, laundry, bathrooms, and limited general store supplies. Management believes the investment value(cost) represents the fair market value.

NOTE 4 - NOTES PAYABLE

Mortgage note payable is to the Glens Falls National Bank and Trust Company, collateralized by property of Norowal Marina, Inc., payable in monthly installments of \$ 17,308 inclusive of principal and interest. Interest rate is 5.5% and mortgage matures in January 2026. \$ 1,822,607

Note payable to the Town of Bolton, guaranteed by the Bolton Local Development Corporation. Payment on this note is deferred for both principal and interest until the Town Board deems necessary. 2,000,000

Total notes payable \$ 3,822,607

The aggregate maturities of notes payable for the next five years and thereafter are as follows:

2014	\$	108,745
2015		115,051
2016		121,382
2017		128,578
2018		135,934
Thereafter		<u>1,212,917</u>
Total		<u>1,822,607</u>

E. PETER MARSHALL

CERTIFIED PUBLIC ACCOUNTANT

E. Peter Marshall, CPA

Peter R. Marshall, CPA
Christine A. Marshall
Kimberly A. Deuel
Rita L. Marshall

MARSHALL ASSOCIATES

P.O. Box 145, 258 Ridge Street
Glens Falls, New York 12801
(518) 792-1162
Fax 792-1104

P.O. Box 55
Lake George, New York 12845

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Board of Directors
Town of Bolton Local Development Corporation

I have audited, 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, the financial statements of the Town of Bolton Local Development Corporation (the "Corporation") as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued my report thereon dated March 26, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, I do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

8 of 9

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of the section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


E. Peter Marshall, CPA
March 26, 2014