

**GREATER WAWARSING
LOCAL DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2013

GREATER WAWARSING
LOCAL DEVELOPMENT CORPORATION
DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Wawarsing Local Development Corporation
Ellenville, NY 12428

We have audited the accompanying statement of financial position of the Greater Wawarsing Local Development Corporation, a component unit of the Town of Wawarsing, New York, as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Greater Wawarsing Local Development Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our 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 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 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 Greater Wawarsing Local Development Corporation, as of December 31, 2013, and the changes in its net assets and its cash flows for the year 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 July 8, 2014, on our consideration of the Greater Wawarsing Local Development Corporations internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We applied limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Rouis and Company, LLP

Rouis & Company, LLP
Wurtsboro, New York
July 8, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013

This section of the Greater Wawarsing Local Development Corporations audit report presents our discussion and analysis of the Corporations financial performance during the year ended December 31, 2013. Please read it in conjunction with the Corporations Financial Statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Total net assets decreased \$3,575 (1.4%)
- Cash decreased \$27,652 (10.6%)
- Operating expenses decreased \$5,086 (54.7%)
- Changes in net assets and cash are due to normal operating expenses, a new mortgage receivable "Ursitti" and additional contributions to the Health Match, which began in 2011. See notes to financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This audit report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The corporation's statements follow the accrual basis of accounting and are presented in a manner similar to a private business.

FINANCIAL ANALYSIS OF THE CORPORATION

Net Assets. The following table summarizes the changes in Net Assets between December 31, 2013 and 2012.

		2013
Current Assets	\$	232,319
Non-Current Assets		150,209
Total Assets		382,345
Total Liabilities		130,597
Unassigned		73,912
Temporarily Restricted		152,120
Nonspendable		25,716
Total Net Assets, Dec 31, 2013	\$	251,748
Total Net Assets, Dec 31, 2012		255,323
Change in Net Assets	\$	(3,575)



MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013

BUSINESS ACTIVITY

Since being appointed by the Town of Wawarsing Town Board on January 1, 2009, we continue to offer a wide range of services which includes marketing, grant-writing, development leadership and business counseling referrals. We also assist small businesses in working with other organizations pursuing business and development such as The Ulster County Development Corporation which recently has been renamed the Ulster County Economic Development Alliance. Our organization works with existing and new businesses to receive funding for job creation and business development upon receiving completed applications, a business plan, supporting documentation and Board approval. We also continue to pursue grants for additional money to bring to the Town of Wawarsing for small business loans.



GREATER WAWARSING
LOCAL DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31,

ASSETS	Unrestricted	Temporarily Restricted	2013	2012
Current Assets:				
Cash	\$ 75,412	\$ 155,849	\$ 231,261	\$ 258,913
Prepaid Expenses	-	875	875	966
Current Portion of Notes Receivable	-	-	-	44
Total Current Assets	75,412	156,724	232,136	259,923
Non-Current Assets:				
Mortgage and Notes Receivables	-	124,493	124,493	99,493
Other Assets - Knifeworks	-	25,533	25,533	25,533
Equipment	-	786	786	786
Accumulated Depreciation	-	(603)	(603)	(445)
Total Non-Current Assets	-	150,209	150,209	125,367
TOTAL ASSETS	\$ 75,412	\$ 306,933	\$ 382,345	\$ 385,290
LIABILITIES AND NET ASSETS				
Accounts Payable	1,500	-	1,500	1,500
Deferred Revenue Health Match	-	129,097	129,097	128,467
TOTAL LIABILITIES	1,500	129,097	130,597	129,967
NET ASSETS				
Unassigned	73,912	-	73,912	77,345
Temporarily Restricted	-	152,120	152,120	51,601
Nonspendable	-	25,716	25,716	126,377
TOTAL NET ASSETS	73,912	177,836	251,748	255,323
TOTAL LIABILITIES AND NET ASSETS	\$ 75,412	\$ 306,933	\$ 382,345	\$ 385,290



GREATER WAWARSING
LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	Unrestricted	Temporarily Restricted	2013	2012
SUPPORT AND REVENUE				
Program Service Fees	\$ -	\$ -	\$ -	\$ 0
Notes Receivable Repayments	-	-	-	1,084
Interest Income	76	638	714	742
	<u>76</u>	<u>638</u>	<u>714</u>	<u>1,826</u>
Total Support and Other Revenue	<u>76</u>	<u>638</u>	<u>714</u>	<u>1,826</u>
OPERATING EXPENSES				
Legal and Professional Fees	1,500	-	1,500	2,807
Office and Staffing	-	-	0	116
Printing and Advertising	96	-	96	360
Insurance	1,483	547	2,030	2,099
Miscellaneous	430	233	663	3,993
Credit Card Fees	-	-	-	-
	<u>3,509</u>	<u>780</u>	<u>4,289</u>	<u>9,375</u>
Total Expenditures	<u>3,509</u>	<u>780</u>	<u>4,289</u>	<u>9,375</u>
Change in Net Assets	(3,433)	(142)	(3,575)	(7,549)
NET ASSETS-BEGINNING OF PERIOD	77,345	177,978	255,323	262,872
NET ASSETS- END OF PERIOD	<u>\$ 73,912</u>	<u>\$ 177,836</u>	<u>\$ 251,748</u>	<u>\$ 255,323</u>



GREATER WAWARSING
 LOCAL DEVELOPMENT CORPORATION
 STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (3,575)	\$ (7,549)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Changes in Operating Assets and Liabilities:		
Depreciation	157	157
Accounts Payable	-	(3,750)
Deferred Revenue Health Match	630	2,831
Other Assets - Knifeworks	-	3,836
Prepaid Expenses	91	-29
	<u> </u>	<u> </u>
Net Cash Provided By (Used In) Operating Activities	(2,697)	(4,504)
CASH FLOWS FROM INVESTING ACTIVITIES		
Notes Receivable Change	<u>(24,956)</u>	<u>3,053</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	(24,956)	3,053
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,653)	(1,451)
CASH-BEGINNING OF PERIOD	<u>258,914</u>	<u>260,365</u>
CASH-END OF PERIOD	<u>\$ 231,261</u>	<u>\$ 258,914</u>



GREATER WAWARSING
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Greater Wawarsing Local Development Corporation (the Corporation) was incorporated on January 6, 2009 under Section 402 and 1411 of the Not-For-Profit Corporation Law of the State of New York. The mission of the Corporation is to aid the Town of Wawarsing in growth and development of business concerns by encouraging the development of or retention of industry within the Town.

The GWLDC is comprised of four board members and one chairman. There are other non-voting advisory members representing positions from within the township.

Financial Reporting Entity

The GWLDC is a nonprofit corporation and is a component unit of the Town of Wawarsing. The Town of Wawarsing governing body appoints the board members of the GWLDC. The financial activity of the GWLDC, combined with the financial activities of the Town of Wawarsing and other component units, constitutes the entire reporting entity for the Town of Wawarsing.

As of December 31, 2010, the Town of Wawarsing implemented Governmental Accounting Standards Board Statement No. 61- The Financial Reporting Entity: Omnibus (GASB 61). GASB 61 changes the criteria for including component units in the financial statements of the GWLDC in its audited financial statements.

Basis of Accounting

The financial statements of the GWLDC have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Financial position and activities are reported according to three classes of net assets as follows:

Unrestricted Net Assets- Represents resources recognized as unrestricted and are available for support of operations.

Temporarily Restricted Net Assets- Represents resources recognized as restricted until such a time when all associated restrictions have been met.

Permanently Restricted Net Assets- Represents resources that contain a stipulation on that permanently restricts the use of such funds but allows earnings from the funds to be used in a certain manner.



GREATER WAWARSING
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash

For the purposes of the Statement of Cash Flows, the GWLDC considers all highly liquid cash accounts and other temporary investments of three months or less as cash equivalents.

Property, Plant and Equipment

The GWLDC records equipment at historical cost and depreciates the asset on a straight-line basis over its estimated useful life of 5 years.

Operating revenues

Revenues generated through interest on notes receivable, sales of inventory assets and contributions are classified as operating revenues. Interest income on bank balances is classified as non-operating revenues.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying combined financial statements in order to provide an understanding of changes in the Corporations financial position and operations.

NOTE 2-NOTES RECEIVABLE

Notes receivable consist of amounts due from various business entities within Ulster County. The purpose of these notes is to help local businesses expand and develop. Notes receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Filippo Auto was considered uncollectible in 2013 and written off.

No payments, either interest or principal were received in 2013.



GREATER WAWARSING
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2-NOTES RECEIVABLE (Continued)

A schedule of notes receivable at December 31, 2013 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Filippo Auto - 120 month term loan, due in equal installments of \$ 265 per month, with interest at 5.00% per annum.	\$ 44	-	44	\$ 0
Shanley Hotel - 120 month term loan, due in equal installments of \$709 per month, with interest at 4.00% per annum.	\$ 70,000	-	-	\$ 70,000
Creative Day Care - 60 month term loan, due in equal installments of \$276 per month, with interest at 4.00% per annum.	\$ 4,531	-	-	\$ 4,531
Tibbs Hauling - 48 month term loan, due in equal installments of \$ 156 per month, with interest at 4.00% per annum.	\$ 6,717	-	-	\$ 6,717
Tootie White Gloves - 60 month term loan, due in equal installments of \$317 per month, with interest at 4.00% per annum.	\$ 18,245	-	-	\$ 18,245
Total Notes Receivable	\$ 99,537	-	-	\$ 99,493

Current Activity:

On August 28, 2013, a "Forgiveable" \$ 25,000 mortgage was issued to Dr. Kristina Ursitti, as part of the Health Match initiative. The goal of the program is to recruit primary care providers to the community. The mortgage is subordinate to a mortgage in the amount of \$216,000 held by Sterling National Bank. If the mortgagee maintains a Family Practice in the Town of Wawarsing for a period of not less than 72 months and all terms of the agreement are met, the loan will be fully forgiven after the 72nd month by the GWLCD.



GREATER WAWARSING
 LOCAL DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

NOTE 3-OTHER ASSETS

The GWLDC was involved in promoting a cutlery business in the Town of Wawarsing called the Canal Street Knife Works Corporation. The business did not develop as planned and the GWLDC was in possession of inventory and fixtures purchased in anticipation of starting the business. The items are currently being held in a locked room at the Joseph Y. Resnick Airport and consist of the following:

	2013	2012
Inventory	\$ 20,335	\$ 20,335
Fixtures	5,198	5,198
Totals	\$ 25,533	\$ 25,533

In 2011, the GWLDC began collecting funds for a new project, Health Match. The Pledges from the community are to be used to hire and promote health professionals for the Ellenville Wawarsing area. According to corporate minutes, funds will be loans to health care professionals that practice full time in the community. As of December 31, 2013, \$104,988 has been accumulated in a GWLDC bank account for this use. The Funds have been recorded as Deferred Revenue, a current liability, until implementation of program. The Ursitti Mortgage is the first Health Match project, August 2013.

NOTE 4-CAPITAL ASSETS

The GWLDC's capital assets for the year ended December 31, 2013 are as follows:

EQUIPMENT	\$	786
ACCUM DEPRECIATION		(603)
NET FIXED ASSETS	\$	183



GREATER WAWARSING
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 5 - CASH AND INVESTMENTS

State statutes govern the GWLDC's investment policies. Monies must be deposited in FDIC insured commercial banks or trust companies located within the state. Management is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State and its localities.

The GWLDC's bank balances were all covered by federal deposit insurance as of December 31, 2013.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The GWLDC has five revolving loans, totaling \$ 99,493, outstanding as of December 31, 2013. There were no payments received in 2013. The loans are in various stages of collection, dispute and/or renegotiation. Any loans deemed uncollectible will be written off in the year that the determination is made under the direct write off method of accounting.

The USDA Rural Development approved a \$ 99,000 Enterprise Grant June 25, 2009 for the GWLDC for loans to small and emerging businesses, which had yet to be used. A commitment letter dated January 27, 2014 from Gaby's Mexican Restaurant, Gamex LLC has been received and the closing has taken place subsequent to the year end for GWLDC to utilize this grant.

NOTE 7 - SUBSEQUENT EVENTS

The GWLDC has evaluated events and transactions that occurred after the balance sheet date but before the financial statements were issued, and nothing material has come to their attention that would require additional disclosure in these notes except as noted above Gamex LLC Closing.

NOTE 8 - KNIFE SALES

During the year ended December 31, 2013, the GWLDC did not sell any of the knives obtained in the cutlery business it had promoted in 2009. The inventory was written down by \$2,655.72 in 2012 and various items donated from the shop fixtures, see Note 3- Other Assets.



Creating Opportunities in the Numbers

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*

To the Members of the Greater
Wawarsing Local Development Corporation
Ellenville, New York 12428

We have audited the financial statements of the Greater Wawarsing Local Development Corporation, a component unit of the Town of Wawarsing, New York, as of and for the period ended December 31, 2013, which collectively comprise the Greater Wawarsing Local Development Corporations basic financial statements, and have issued our report thereon dated July 8, 2014. We have conducted our 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*, issues by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Greater Wawarsing Local Development Corporations internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greater Wawarsing Local Development Corporations internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greater Wawarsing Local Development Corporation's internal control over financial reporting.

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

possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the Greater Wawarsing Local Development Corporations financial statements are free of material misstatement, we 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 our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board Members, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specifies parties.

Rouis and Company, LLP

Rouis & Company, LLP

July 8, 2014

