

**TIOGA COUNTY LOCAL  
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Tioga County Local Development Corporation  
Owego, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of Tioga County Local Development Corporation, (a nonprofit local development corporation) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year 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 of 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 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 Tioga County 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 accordance with accounting principles generally accepted in the United States of America.

## **Prior Period Financial Statements**

The financial statements of Tioga County Local Development Corporation as of December 31, 2012, were audited by other auditors whose report dated August 9, 2013, expressed an unmodified opinion on those statements.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, on our consideration of Tioga County Local Development Corporation's 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 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 Tioga County Local Development Corporations' internal control over financial reporting and compliance.

*EFP Rotenberg, LLP*

EFP Rotenberg, LLP  
Corning, New York  
March 26, 2014

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Statements of Financial Position**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 39,843	\$ 33,463
Accounts receivable	19,180	-
Security deposit	350	350
Total current assets	59,373	33,813
<b>Property and Equipment - Net</b>	962	1,924
<b>Total Assets</b>	\$ 60,335	\$ 35,737
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued payroll liabilities	\$ 5,232	\$ -
<b>Net Assets</b>		
Unrestricted	25,890	33,706
Temporarily restricted	29,213	2,031
Total net assets	55,103	35,737
<b>Total Liabilities and Net Assets</b>	\$ 60,335	\$ 35,737

The accompanying notes are an integral part of these financial statements.

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Statements of Activities**  
**For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Unrestricted Net Assets</b>		
<b>Revenues</b>		
Occupancy tax funding	\$ 150,000	\$ 144,853
Grant revenue - ILNY	64,134	41,022
Cooperative marketing - ILNY	26,649	21,013
Bike Tioga/running races	9,161	2,652
Tourism	8,162	13,509
DEC Arts	3,400	2,000
Other income	779	1,483
Interest income	74	74
Sub-total unrestricted revenues and other support	262,359	226,606
Net assets released from restrictions	66,151	7,969
Total unrestricted revenues and other support	328,510	234,575
<b>Expenses</b>		
ILNY program expense	128,269	82,164
Wages and related expenses	84,393	76,473
Finger Lakes CFA expenses	64,120	-
Tourism	12,269	4,412
Bike Tioga/running races	6,346	2,230
Rent	5,263	5,253
Opportunity fund	5,000	-
Legal and accounting	4,735	4,525
Insurance	4,221	3,830
Conferences and education	3,516	4,325
Utilities	3,476	3,149
DEC Arts	3,400	2,000
Office supplies	2,752	4,302
Internet/software	2,092	1,197
Owego Revitalization expenses	2,031	7,969
Memberships	1,150	2,850
Public relations	978	12,748
Depreciation	962	770
Website development	761	395
Advertising	592	5,401
Façade	-	3,439
Total expenses	336,326	227,432
<b>Change in Unrestricted Net Assets</b>	(7,816)	7,143
<b>Temporarily Restricted Net Assets</b>		
Finger Lakes CFA grant	93,333	-
Owego Revitalization grant	-	10,000
Net assets released from restriction	(66,151)	(7,969)
<b>Change in Temporarily Restricted Net Assets</b>	27,182	2,031
<b>Change in Net Assets</b>	19,366	9,174
<b>Net Assets - Beginning</b>	35,737	26,563
<b>Net Assets - Ending</b>	\$ 55,103	\$ 35,737

The accompanying notes are an integral part of these financial statements.

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 19,366	\$ 9,174
Adjustments		
Depreciation	962	770
Changes in assets and liabilities		
Accounts receivable	(19,180)	-
Accrued payroll liabilities	5,232	-
	6,380	9,944
<b>Net Change in Cash and Cash Equivalents</b>	<b>6,380</b>	<b>9,944</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>33,463</b>	<b>23,519</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 39,843</b>	<b>\$ 33,463</b>

The accompanying notes are an integral part of these financial statements.

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies and Nature of Corporation**

**Nature of Corporation** - The Tioga County Local Development Corporation (the "Corporation") has a stated mission to support the expansion, encouragement and development of economic opportunity and employment in Tioga County, New York. The Corporation is responsible for promoting growth of the tourism industry of Tioga County by promoting its attractions, the rural character, quality of life, and charm of the County to attract out-of-county visitors.

**Basis of Accounting** - The Corporation prepares its financial statements on the accrual basis of accounting.

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

**Basis of Presentation** - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classes are established in accordance with their nature and purpose, in observation of any third party limitations or restrictions placed on the use of these resources. The Corporation did not have any permanently restricted net assets for the years ended December 31, 2013 and 2012.

**Unrestricted Net Assets** - Unrestricted net assets represent net assets that are not subject to donor imposed stipulations and are generally available for support of the Corporation's activities. The Board of Directors has discretionary control over these resources to carry out the operations of the Corporation in accordance with its by-laws.

**Temporarily Restricted Net Assets** - Temporarily restricted net assets are those whose use has been restricted by grantors for a specific time period or purpose. When a grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted support. The Organization's temporarily restricted net assets relate to the Finger Lakes CFA grant agreement as well as the Owego Revitalization grant agreements.

**Cash and Cash Equivalents** - For the purposes of the statements of financial position and statements of cash flows, cash and cash equivalents include deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. The Corporation maintains cash and cash equivalents at financial institutions which periodically may exceed insured limits.

**Accounts Receivable** - Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end would be immaterial and therefore an allowance has not been established.

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Notes to Financial Statements**

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**Property, Equipment and Depreciation** – Property and equipment are recorded at cost, if purchased, at fair market value, if donated, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which is 3 years. It is the Corporation’s policy to capitalize all assets with a cost of \$1,000 or greater and an estimated useful life of more than one year.

**Revenue Recognition** – Pass-through grants are recorded as revenues or receivables when awarded, and also as offsetting liabilities or expenses. Other operating grants are recorded as receivables or deferred revenues upon award of the contracts. Grant revenues are recognized as the Corporation meets performance requirements of the contracts. Grant expenditures are recognized upon satisfactory completion of the performance requirements specified by the grant award agreement.

Capital grants are regarded as contributions of capital, and are reported in the net assets section of the Corporation’s balance sheet. The net balance of such capital invested by other sources is reduced each year by a proportional share of depreciation charges for the capital assets so acquired. There were no capital grants received in the year ended December 31, 2013 and 2012.

**Income Taxes** - The Corporation is a nonprofit corporation and is exempt from income tax under New York State Article 14 as a local development corporation. Accordingly, no provision for taxes has been made.

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the Corporation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Corporation is currently operating in compliance with the applicable requirements of the Internal Revenue Code and therefore, no liability for unrecognized tax benefits has been included on the Corporation's financial statements. The exempt Corporation's informational returns are subject to audit by various taxing authorities and its open audit periods are 2011 through 2013.

**Subsequent Events** - In accordance with ASC 855-10, the Corporation evaluated subsequent events through March 26, 2014, the date these financial statements were available to be issued.

**Note 2. Property and Equipment**

Property and equipment consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Computers	\$ 2,794	\$ 2,794
Less, accumulated depreciation	(1,832)	(870)
Property and equipment - net	\$ 962	\$ 1,924

**Note 3. Related Parties**

The Tioga County legislature appoints the Corporation’s nine directors. The Director of the County’s Department of Economic Development and Planning serves as President of the Corporation.

**Note 4. Rent**

As of December 31, 2013, the Corporation leases office space on a month-to-month basis. Rent expense for the years ended December 31, 2013 and 2012 was \$5,263 and \$5,253, respectively.

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Notes to Financial Statements**

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**Note 5. SIMPLE Plan**

The Corporation has adopted a SIMPLE retirement plan. The plan covers full-time employees with a contribution of 3% of annual salary. For the years ended December 31, 2013 and 2012, contributions were made on behalf of full-time employees in the amounts of \$2,023 and \$1,965, respectively.

**Note 6. Reclassifications**

Certain reclassifications have been made to the financial statements for the year ended December 31, 2012. These reclassifications are for comparative purposes only and have no effect on change in net assets as originally reported.

**INDEPENDENT AUDITORS' 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 Board of Directors  
Tioga County Local Development Corporation  
Owego, New York

We have audited, in accordance with the 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 Tioga County Local Development Corporation (a nonprofit local development corporation) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 26, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tioga County Local Development 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tioga County Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Tioga County Local Development 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 a 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* is a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 Tioga County Local Development Corporation's financial statements are free from 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*EFP Rotenberg, LLP*

EFP Rotenberg, LLP  
Corning, New York  
March 26, 2014