

**TOWN OF PLATTSBURGH
LOCAL DEVELOPMENT CORPORATION, INC.**

Independent Auditors' Report

Financial Statements

December 31, 2013 and 2012

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Town of Plattsburgh Local
Development Corporation, Inc.
Plattsburgh, NY:

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Plattsburgh Local Development Corporation, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2013 and 2012, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We 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 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 auditor's 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 Town of Plattsburgh Local Development Corporation, Inc. as of December 31, 2013 and 2012, 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 17, 2014 on our consideration of the Town of Plattsburgh Local Development Corporation, Inc.'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 the Town of Plattsburgh Local Development Corporation, Inc.'s internal control over financial reporting and compliance.

*Abbott, Frenya & Russell,
CPA's, P.C*

March 17, 2014

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Statements of Financial Position

December 31, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash	\$ 183,978	171,786
Loans receivable, current portion (note 2)	22,892	22,143
Interest receivable (note 3)	3,983	1,451
Total current assets	<u>210,853</u>	<u>195,380</u>
Other assets		
Loans receivable, long-term portion (note 2)	<u>74,680</u>	<u>95,519</u>
	<u>\$ 285,533</u>	<u>290,899</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ -	7,650
Net assets:		
Unrestricted	<u>285,533</u>	<u>283,249</u>
	<u>\$ 285,533</u>	<u>290,899</u>

See accompanying notes and independent auditors' report.

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Statements of Activities

For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted:		
Operating revenues:		
Grant revenue	\$ -	14,294
Interest on loans	3,917	2,407
Bank interest	117	165
Total unrestricted revenues	<u>4,034</u>	<u>16,866</u>
Operating expenses:		
Administrative expense	-	21,944
Advertising & promotion	-	283
Excess interest	-	115
Meals & entertainment	-	178
Office supplies	-	120
Professional fees	1,750	2,500
Total operating expenses	<u>1,750</u>	<u>25,140</u>
Increase (decrease) in unrestricted net assets	2,284	(8,274)
Net assets, beginning of year	<u>283,249</u>	<u>291,523</u>
Net assets, end of year	<u>\$ 285,533</u>	<u>283,249</u>

See accompanying notes and independent auditors' report.

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Statements of Cash Flows

For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 2,284	(8,274)
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Decrease (increase) in assets:		
Loans receivable	20,090	(19,980)
Interest receivable	(2,532)	(1,451)
Grants receivable	-	1,000
Increase (decrease) in liabilities:		
Accounts payable	<u>(7,650)</u>	<u>6,650</u>
Net cash provided (used) by operating activities	12,192	(22,055)
Cash and cash equivalents, beginning of year	<u>171,786</u>	<u>193,841</u>
Cash and cash equivalents, end of year	<u>\$ 183,978</u>	<u>171,786</u>

See accompanying notes and independent auditors' report.

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(1) Summary of Significant Accounting Policies:

Organization –The Town of Plattsburgh Local Development Corporation, Inc. was incorporated in March, 2005 under the Not-for-Profit Law of the State of New York for the purpose of relieving and reducing unemployment by promoting and providing job opportunities and to encourage the development or retention of industry in the Town of Plattsburgh, New York. This is accomplished by making loans to local businesses and obtaining grants to enhance redevelopment, as well as further development of the Town of Plattsburgh, NY.

Basis of Accounting – The financial statements of the Town of Plattsburgh Local Development Corporation, Inc. have been prepared on the accrual basis whereby revenues are recorded when earned and expenditures when incurred.

Financial Statement Presentation - The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 (formerly Statement of Financial Accounting Standards No. 117, *Financial Statements for Not-for-Profit Organizations*). Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Permanently restricted net assets include contributions which donors have specified must be maintained in perpetuity. The related income may be expended for a purpose specified by the donor. If no purpose is specified, the Board of Directors may designate the purpose.

Temporarily restricted net assets are comprised of funds that are restricted by donors for specific purposes or time periods.

Unrestricted net assets represent funds that are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or operations.

Cash and Cash Equivalents - For purposes of the statements of cash flows, The Town of Plattsburgh Local Development Corporation, Inc. considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Fair Value Measurement - The Organization's financial instruments consist primarily of cash, grants receivable, accounts receivable, and accounts payable.

The carrying amount of cash, grants receivable, accounts receivable and accounts payable approximated their fair value due to the short-term nature of such instruments.

Loans Receivable - Loans receivable are carried at their estimated collectible amounts. Interest income is recognized using the interest method.

Bad debts are written off under the direct write-off method. Recoveries are reflected in income when received. Management does not feel that a reserve for bad debts is required at this time.

Concentrations of Credit Risk - Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and loans receivable. The Organization maintains its cash balances in two financial institutions. All accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. At December 31, 2013 and 2012 the Organization had no uninsured deposits.

Revenue Recognition - The Town of Plattsburgh Local Development Corporation, Inc.'s sources of operating revenue is from interest payments on loans issued and grant revenue. The primary source of non-operating revenue is interest earned on excess cash deposits.

Income Taxes - The Town of Plattsburgh Local Development Corporation, Inc. is exempt from income taxes as a not-for-profit corporation under tax section 501(c)(3) as determined by the Internal Revenue Service. Accordingly, these financial statements do not reflect a provision for income taxes.

On September 10, 2012, the Organization was notified that their exempt status was revoked by the Internal Revenue Service effective May 15, 2011, for failure to file certain required annual reports. As of September 4, 2013 the Organization's tax exempt status has been reinstated.

Advertising - Advertising costs are charged to operations when incurred. Advertising costs paid in 2013 and 2012 were \$0 and \$283, respectively.

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued:

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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.

(2) Loans Receivable :

Loans receivable at December 31, 2013 and 2012 consist of the following:

Cedar Knoll - loaned \$169,800 in January 2005, interest at 1%, monthly principal and interest payment of \$1,487.52, maturing January 2015. This loan was in default but payments are continuing to be made under a newly structured agreement.	<u>2013</u>	<u>2012</u>
	\$ 75,058	90,035
Pizza Palace - loaned \$30,000 in May 2012, interest at 10%, monthly principal and interest payment of \$637.41, maturing May 2017. In 2012 and 2013, only received principal payments per loan agreement.	<u>22,514</u>	<u>27,627</u>
	97,572	117,662
Less current portion	<u>22,892</u>	<u>22,143</u>
Long-term portion	\$ <u>74,680</u>	<u>95,519</u>

(3) Interest Receivable:

The Organization entered into a loan agreement in May of 2012 with Pizza Palace. Per the loan agreement, if Pizza Palace meets certain required criteria then payment of principal only is required. The Organization does accrue interest at a rate of 10% per annum on the outstanding principal balance in accordance with the loan agreement. For the years ended December 31, 2013 and 2012, the amount of interest receivable was \$3,983 and \$1,451 respectively.

(4) Subsequent Events:

The date to which events occurring after December 31, 2013, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is March 17, 2014, which is the date on which the financial statements were available to be issued. Management feels that no further disclosures are required.

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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 Town Board of Directors
Town of Plattsburgh Local
Development Corporation, Inc.
Plattsburgh, 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 Town of Plattsburgh Local Development Corporation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities, and cash flows the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Plattsburgh Local Development Corporation, Inc.'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 the Town of Plattsburgh Local Development Corporation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. See item 13-01.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. See item 13-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Plattsburgh Local Development Corporation, Inc.'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*.

Town of Plattsburgh Local Development Corporation, Inc.'s Response to Findings

The Town of Plattsburgh Local Development Corporation, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Plattsburgh Local Development Corporation, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

Abbott, Frenyea & Russell
CPA's, P.C.

March 17, 2014

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Schedule of Findings and Questioned Costs

December 31, 2013 and 2012

12-01: (Item cleared in 2013)

The Organization has been notified by the Internal Revenue Service that the tax exempt 501 (c) (3) designation has been revoked for failure to file certain required annual reports.

The Organization's tax exempt status has been reinstated as of September 4, 2013.

13-01:

The Organization has inadequate segregation of duties over financial reporting.

The CEO of the Organization will now review the bank statements on a quarterly basis for accuracy. Should the scope of the Organization grow, additional staff may be hired which will allow for the segregation of duties and additional monitoring.

13-02:

Cash receipts are not deposited in a timely manner.

Management will keep a closer watch over receipts and the timing of deposits in the future