

PUTNAM COUNTY  
ECONOMIC DEVELOPMENT  
CORPORATION

FINANCIAL STATEMENTS  
and Supplementary Information

*Years Ended December 31, 2015 and 2014*

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**TABLE OF CONTENTS**

	Page
INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS .....	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Cash Flows .....	5
Notes to the Financial Statements .....	6-11
SUPPLEMENTARY INFORMATION	
Schedule of 2015 Functional Expenses .....	13
Schedule of 2014 Functional Expenses .....	14

Alan Wolfson, C.P.A.

Elaine N. Wolfson, Principal

Members of:

American Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Putnam County Economic Development Corporation  
40 Gleneida Avenue, 3<sup>rd</sup> Floor  
Carmel, NY

I have audited the accompanying financial statements of the Putnam County Economic Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and change in net assets, 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion 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. Those standards require that I 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, 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 opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Putnam County Economic Development Corporation as of December 31, 2015, 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.

## **Report on 2014 Comparative Information**

I have previously audited the Putnam County Economic Development Corporation's 2014 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated March 30, 2015. In my opinion, the comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matter**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses for the years ended December 31, 2015 and 2014, respectively, on Pages 14 and 15 are presented for the purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Alan Wolfson  
Certified Public Accountant

Brewster, NY  
March 31, 2016

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$225,169	\$134,258
Prepaid expenses	1,894	1,793
Direct deposit payroll advance	<u>2,594</u>	<u>2,548</u>
Total current assets	229,657	138,599
Property and equipment, net of accumulated depreciation of \$29,609 and \$27,457	<u>1,883</u>	<u>4,035</u>
TOTAL ASSETS	<u>\$231,540</u>	<u>\$142,634</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,666	\$ 695
Accrued payroll	3,225	2,872
Payroll taxes payable	<u>2,215</u>	<u>2,576</u>
CURRENT AND TOTAL LIABILITIES	<u>26,106</u>	<u>6,143</u>
Net assets:		
Unrestricted	<u>205,434</u>	<u>136,491</u>
TOTAL NET ASSETS	<u>205,434</u>	<u>136,491</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$231,540</u>	<u>\$142,634</u>

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

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE:		
Support:		
Putnam County grant	\$175,845	\$165,845
Other contributions	-	25,000
In-kind contributions	<u>6,300</u>	<u>6,300</u>
Total support	<u>182,145</u>	<u>197,145</u>
Program revenue:		
Annual networking event sponsorships	-	5,000
Annual networking event ticket sales	<u>-</u>	<u>4,990</u>
Total program revenue	-	9,990
Investment revenue:		
Interest and dividend income	<u>202</u>	<u>110</u>
Total unrestricted support and revenue	<u>182,347</u>	<u>207,245</u>
EXPENSES:		
Program services	72,238	136,979
Supporting services:		
Management and general	<u>41,166</u>	<u>34,422</u>
Total Expenses	<u>113,404</u>	<u>171,401</u>
CHANGE IN UNRESTRICTED/NET ASSETS	68,943	35,844
NET ASSETS AT BEGINNING OF YEAR	<u>136,491</u>	<u>100,647</u>
NET ASSETS AT END OF YEAR	<u>\$205,434</u>	<u>\$136,491</u>

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

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 68,943	\$ 35,844
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,152	2,306
(Increase) decrease in operating assets:		
Revenue receivable	-	1,050
Contributions receivable	-	3,175
Prepaid expenses	(101)	(5)
Increase (decrease) in operating liabilities:		
Direct deposit payroll advance	(45)	(2,548)
Payroll taxes payable	(361)	121
Accounts payable and accrued expenses	19,971	(9,905)
Accrued payroll	<u>352</u>	<u>398</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>90,911</u>	<u>30,436</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>-</u>	<u>(184)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>(184)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	90,911	30,252
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>134,258</u>	<u>104,006</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$225,169</u>	<u>\$134,258</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Finance charges paid	\$ -	\$ 125
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:</b>		
In-kind income of rental contribution	\$ 6,300	\$ 6,300
In-kind expense of facility rental	\$ 6,300	\$ 6,300

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

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Putnam County Economic Development Corporation (“the Organization”) was incorporated on September 15, 1996 under the laws of New York State as a not-for-profit corporation. The corporation was granted Federal approval as a 501(c)(6) entity under the Internal Revenue Service Code Section 501(a), effective July 17, 1998.

The Organization’s mission is to promote balance and sustain economic growth in Putnam County in the State of New York through the retention and nurturing of business already in the County, through recruiting and encouraging the movement of existing businesses into Putnam County, and by providing an environment conducive to the creation and development of new businesses in the County.

The Organization is supported primarily through an annual municipal grant, private sector contributions and sponsorships, and program activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization 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 net assets classifications are described as follows:

Unrestricted Net Assets - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or projects by action of the board of directors.

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the Statement of Activities as net assets released from restrictions.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Organization.

The Organization did not have temporarily or permanently restricted net assets for the years ended December 31, 2015 and 2014, respectively.

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Equivalents

For purposes of the Statements of Financial Position and Statements of Cash Flows, the Organization considers all unrestricted cash and all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Support and Revenue Recognition

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 Not For Profit Entities, the Organization records all grants and contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The organization did not receive any donor restricted contributions in either calendar year 2015 or 2014.

Donated Materials and Services

The Organization has not recognized any support, revenue, or expenses from service contributed by volunteers. If any support, revenue or expense were recorded, it would be determined based on the difference of any amount paid to an individual and the comparable compensation which would be paid to an individual if they were to occupy these positions on a paid basis. The value of contributed services was not material and do not meet the criteria for inclusion in the financial statements.

In-Kind Contributions

In kind contributions consist of donated office space and related facilities costs. All in-kind contributions are recorded at their fair market value at the time the donation is made. The last rental expense paid was used to determine the estimated fair market value of the Organization's office space and facilities costs. For the year ended December 31, 2015 and 2014, the value was determined to be \$6,300, respectively, based upon 12 months at \$525 per month, and are included in in-kind contributions support income, program services expenses and management and general expenses in the accompanying Statements of Activities and Changes in Net Assets.

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Acquisitions of property and equipment in excess of \$500 that meet the capitalization requirements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and Fixtures	7 Years
Office Equipment	7 Years
Computer Equipment and Electronics	5 Years
Telephone System and Internet Phone Equipment	7 Years
Internet Website	3 Years

Repairs and maintenance, and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset values or extend useful lives are capitalized.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the Statements of Activities and Change in Net Assets, and in the Supplementary Schedules of Functional Expenses. Accordingly, certain program or supporting service costs have been allocated by management, based on either specific identification or allocated percentage basis, as appropriate, or allocated among the programs and supporting services benefitted.

Uncertain Tax Positions

The Organization has adopted FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Furniture and Fixtures	\$ 2,230	\$ 2,230
Computer Equipment	13,489	13,489
Electronic Equipment	512	512
Telephone System and Internet Phone Equipment	4,165	4,165
Office Equipment	1,083	1,083
Internet Web-site	<u>10,013</u>	<u>10,013</u>
subtotal	31,492	31,492
Less: accumulated depreciation	<u>(29,609)</u>	<u>(27,457)</u>
Property and Equipment, net	<u>\$ 1,883</u>	<u>\$ 4,035</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$2,152 and \$2,306, respectively

NOTE 4 - FEDERAL AND STATE INCOME TAXES

The Organization is a not-for-profit corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from New York State corporation franchise tax in accordance with the provision of Regulation Section 1-34(b)(6) as a NYS not-for-profit corporation. The organization files Federal Form 990, Return of Organization Exempt from Income Tax, and an annual report, NYS CHAR 500, with the NYS Attorney General's Office, Bureau of Charities.

The Federal Form 990, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

The Organization, although exempt from income tax, is subject to tax on net income derived from any such unrelated business activities as provided for under the current tax law. To date, the Organization has not engaged in any such activities.

NOTE 5 - SPECIAL REPORTING

The Organization is considered to be a Local Development Corporation under the Public Authorities Accountability Act within the Public Authorities Law of New York State. The Authorities Budget Office (ABO) and the Office of the State Comptroller (OSC) both require annual filings of certain financial data and information. The ABO and OSC have mandated that the Organization use their on-line reporting system, known as the Public Authorities Reporting Information System (PARIS).

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

NOTE 6 - LEASE COMMITMENT

The Organization maintains administrative offices at 40 Gleneida Avenue, 3<sup>rd</sup> Floor; which are provided by the County of Putnam; and are provided storage space at 841 Fair Street; at an annual rent of \$1. The Organization is not responsible for any related occupancy costs.

NOTE 7 - COMPOSITION OF CASH AND CASH EQUIVALENTS

The total cash held by the Organization was comprised of the following:

	<u>2015</u>	<u>2014</u>
Cash in Bank - Operating account	\$135,132	\$ 44,328
Cash in Bank - "Premium Savings"	19,266	19, 234
Cash in Bank - Hudson Valley FCU	3	3
Certificates of Deposit	70,518	70,443
Petty Cash	<u>250</u>	<u>250</u>
Total	<u>\$225,169</u>	<u>\$134,258</u>

NOTE 8 - PROGRAM SERVICE ACTIVITIES

In 2015, the Organization funded a program under which training was provided by Pace University School of Law, Land Use Law Center , regarding pursuit of New York State's Consolidated Funding application.

In 2014, the Organization held its Annual Networking event, and the Organization focused its resources on a marketing campaign.

NOTE 9 - RELATED PARTY TRANSACTIONS

A member of the Board of Directors is the President of a bank with whom the Organization does banking. The Organization has a checking account and a high-yield savings account with this bank. At December 31, 2015 and 2014 respectively, the balances were as follows:

	<u>2015</u>	<u>2014</u>
Operating account	<u>\$135,132</u>	<u>\$44,238</u>
Premium Savings account	<u>\$19,266</u>	<u>\$19,234</u>

There was no amount due to or from this related party as of the date of these financial statements.

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

NOTE 9 - RELATED PARTY TRANSACTIONS (cont'd.)

An additional member of the Board of Directors is the President and C.E.O. of a bank with whom the Organization does banking. The Organization maintains a certificate of deposit account. At December 31, 2015 and 2014 respectively, the balances were as follows:

	<u>2015</u>	<u>2014</u>
Certificate of Deposit	<u>\$58,752</u>	<u>\$58,715</u>

There was no amount due to or from this related party as of the date of these financial statements.

NOTE 10 - CONCENTRATION OF REVENUE SOURCES

The Organization receives the majority of its revenue from a municipal grant from the County of Putnam, New York. This grant must be applied for annually, and is renewable depending on the availability of funds and the Organization's compliance with the requirements of the contract. The amounts received from these grants were \$175,845 and \$165,845 for the years ended December 31, 2015 and 2014, respectively. The current level of the Organization's operations and program services may be impacted or segments discontinued if funding is not renewed.

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions located in New York. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015 and 2014, respectively, the Organization had no uninsured cash balances.

NOTE 12 - COMPARATIVE RECLASSIFICATIONS

Reclassifications and/or combinations of various account categories may have been made in order to reflect the two reporting periods on a comparable basis in order to be in conformity with the current year presentation. These changes, when made, are immaterial and have no effect on the financial statements.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2015 have been evaluated for possible adjustment to the financial statements or disclosure is March 31, 2016, which is the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$22,986	\$9,441	\$ 32,427
Payroll taxes	<u>2,321</u>	<u>1,014</u>	<u>3,335</u>
Total salaries and payroll taxes	25,307	10,455	35,762
Professional dues and memberships	10,000	-	10,000
Marketing campaign expenses	5,286	-	5,286
Co-Star real estate service	2,249	-	2,249
NYS PARIS compliance	1,500	-	1,500
NYS PARIS compliance (prior year)	1,500	-	1,500
Website hosting and maintenance	450	-	450
Advertisements	2,444	714	3,158
Community educational program	16,516	-	16,516
Seminars	195	-	195
Employee mileage reimbursements	778	-	778
Promotional expense	20	-	20
Rent	3,151	3,150	6,301
Telephone	400	-	400
Insurance	2,107	1,569	3,676
Office and computer supplies	-	149	149
Professional fees - bookkeeping services	-	4,143	4,143
Professional fees - audit and tax preparation	-	10,000	10,000
Professional fees - audit and tax (prior year)	-	8,500	8,500
Meetings	335	-	335
Postage	-	9	9
Fees and permits	-	75	75
Dues and subscriptions	<u>-</u>	<u>250</u>	<u>250</u>
Total expenses before depreciation	72,238	39,014	111,252
Depreciation	<u>-</u>	<u>2,152</u>	<u>2,152</u>
Total Functional expenses	<u>\$72,238</u>	<u>\$41,166</u>	<u>\$113,404</u>

See accompanying Independent Auditor's Report

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$81,706	\$12,308	\$ 94,014
Payroll taxes	<u>6,327</u>	<u>1,560</u>	<u>7,887</u>
Total salaries and payroll taxes	88,033	13,868	101,901
Annual networking event expenses	4,929	-	4,929
Professional dues and memberships	10,000	-	10,000
Marketing campaign expenses	12,048	-	12,048
Co-Star real estate service	4,401	-	4,401
NYS PARIS compliance	1,500	-	1,500
Website hosting and maintenance	675	-	675
Advertisements	1,500	-	1,500
Community promotional expenses	1,267	-	1,267
Seminars	1,895	-	1,895
Employee mileage reimbursements	1,715	-	1,715
Rent	3,151	3,150	6,301
Telephone	1,100	-	1,100
Insurance	1,512	2,083	3,595
Office and computer supplies	-	413	413
Professional fees - bookkeeping services	-	3,773	3,773
Professional fees - audit and tax preparation	-	8,300	8,300
Travel and meals	3,129	-	3,129
Meetings	124	123	247
Postage	-	47	47
Fees and permits	-	177	177
Bank service charges	-	57	57
Finance charges	<u>-</u>	<u>125</u>	<u>125</u>
Total expenses before depreciation	136,979	32,116	169,095
Depreciation	<u>-</u>	<u>2,306</u>	<u>2,306</u>
Total Functional expenses	<u>\$136,979</u>	<u>\$34,422</u>	<u>\$171,401</u>

See accompanying Independent Auditor's Report