

**RENSELAER COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

Financial Statements

December 31, 2015

RENSSELAER COUNTY ECONOMIC DEVELOPMENT CORPORATION

Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Board of
Rensselaer County Economic Development Corporation
Troy, New York

We have audited the accompanying statement of financial position of Rensselaer County Economic Development Corporation (the "Corporation"), a component reporting unit of County of Rensselaer, New York, as of December 31, 2015, 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 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 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Rensselaer County Economic Development Corporation as of December 31, 2015, and the respective changes in financial position and cash flows for the year 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 May 12, 2016, on our consideration of Rensselaer County Economic 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 the Authority's internal control over financial reporting and compliance.

Wojcicki & Co. CPAs, P.C.

East Greenbush, New York
May 12, 2016

RENSSELAER COUNTY ECONOMIC DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2015

ASSETS	\$	-
		<u> </u>
LIABILITIES	\$	-
NET ASSETS		-
Retained earnings		<u> </u>
		<u> </u>
TOTAL LIABILITIES AND NET ASSETS	\$	-
		<u> </u>
		<u> </u>

See accompanying notes to financial statements.

RENSELAER COUNTY ECONOMIC DEVELOPMENT CORPORATION

Statement of Activities

Year Ended December 31, 2015

REVENUES		
Interest income from note receivable		\$ 12,023
Other income		9
	TOTAL REVENUES	<u>12,032</u>
OPERATING EXPENSES		
Bad debt expense		12,023
Transfer of assets to Rensselaer County		468,631
	TOTAL EXPENSES	<u>480,654</u>
CHANGE IN NET ASSETS		(468,622)
NET ASSETS, beginning of year		<u>468,622</u>
	NET ASSETS, end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

RENSSELAER COUNTY ECONOMIC DEVELOPMENT CORPORATION

Statement of Cash Flows

Year Ended December 31, 2015

OPERATING ACTIVITIES	
Change in net assets	\$ (468,622)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Bad debt expense	12,023
Changes in operating assets and liabilities:	
Note receivable	<u>357,913</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(98,686)</u>
NET DECREASE IN CASH	(98,686)
Cash at beginning of year	<u>98,686</u>
CASH AT END OF YEAR	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

RENSELAER COUNTY ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2015

NOTE A--AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rensselaer County Economic Development Corporation (the "Corporation") was created on December 10, 2009, pursuant to Section 1411 of the New York State Not-For-Profit Corporation Law. The purpose of the Corporation is to make commercial loans to aid economic development within Rensselaer County. The sole member of the Corporation is the Rensselaer County Industrial Development Agency.

Basis of Accounting

The Corporation's financial statements have been prepared on the accrual basis of accounting whereby all assets and liabilities are recorded during the period in which they occurred.

The Corporation presents its financial statements in accordance with FASB ASC 958, *Not-For-Profit Entities*. Under these provisions net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that either expire by the passage of time or will be fulfilled by future actions of the Corporation. There were no temporarily restricted net assets at December 31, 2015.

Permanently restricted net assets – Net assets that have been restricted by donors to be maintained by the Corporation in perpetuity. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2015.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) 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.

RENSSELAER COUNTY ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE A--AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Cash and Cash Equivalents

The Corporation considers as cash all demand deposits and all highly liquid investments which are readily convertible to known amounts of cash.

Notes Receivable

Notes receivable amounts are carried at their net realizable value and are periodically evaluated for collectability based on past history with the customer and their current financial condition. An allowance for uncollectible notes receivable is determined based on experience, the estimated value of the collateral and current economic conditions. The allowance for doubtful accounts was \$0 at December 31, 2015.

Income Taxes

The Corporation is a not-for-profit local development corporation under Section 1411 of New York State Not-For-Profit Corporation Law and is exempt from Federal, State and Local income taxes. Accordingly, no income tax provision has been made.

Subsequent Events

The Authority evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on May 12, 2016.

NOTE B--NOTE RECEIVABLE

Note receivable consists of a loan to a local business receivable in monthly installments of \$3,863, including interest at 3.25%, maturing in July 2020. During December 2015, the Corporation's board approved the assignment and transfer of the note receivable to Rensselaer County. The balance outstanding at the time of transfer was \$369,936 (see Note C).

RENSSELAER COUNTY ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE C--TRANSFER OF ASSETS

In December 2015, the Corporation board approved the assignment and transfer of all remaining assets of the Corporation to Rensselaer County. All assets were transferred prior to December 31, 2015. The transferred assets consisted of the following:

Cash	\$ 98,695
Note receivable	<u>369,936</u>
Assets transferred to Rensselaer County	<u>\$ 468,631</u>

NOTE D--SUBSEQUENT EVENT

In January 2016, the Corporation board approved a resolution to dissolve the Corporation.



**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
Rensselaer County Economic Development Corporation
Troy, 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 Rensselaer County Economic Development Corporation (the "Corporation"), which comprise the statement of net position as of December 31, 2015, 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 May 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we 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 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. *A significant deficiency* is a deficiency, or 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 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 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 Rensselaer County Economic Development Corporation's 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2015-001.

Rensselaer County Economic Development Corporation's Response to Findings

Rensselaer County Economic Development Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Rensselaer County Economic Development Corporation'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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wojewski & Co. CPAs, P.C.

East Greenbush, New York
May 12, 2016

RENSSELAER COUNTY ECONOMIC DEVELOPMENT CORPORATION

Schedule of Findings and Responses

For the Year Ended December 31, 2015

Finding 2015-001 – Reporting under the Public Authorities Law

Condition: The Corporation is not in compliance with the reporting requirements of the Public Authorities Law.

Criteria: Pursuant to Section 2800 of the Public Authorities Law, public authorities, including local development corporations, are required to file an annual report and an audit report within 90 days of the fiscal year end. In addition, pursuant to Section 2801 of the Public Authorities Law local authorities must file a budget report 60 days prior to the start of the fiscal year. Authorities who have plans to dissolve, but have not completed the dissolution process, remain subject to the reporting requirements of the Public Authorities Law until such time as they are legally dissolved.

Cause: The Corporation has not prepared and filed the required reports with the New York State Authorities Budget Office for the past several years. In addition, the budget report for the 2016 fiscal year which was due on November 1, 2015 has not been filed.

Effect: The Authorities Budget Office has the authority to publically warn and censure authorities for non-compliance and recommend the suspension or dismissal of officers or directors.

Recommendation: Despite the Corporation's plans to dissolve, we recommend that the Corporation complete and file the required reports. The Corporation should ensure its compliance with the reporting requirements until the dissolution process is completed.

Views of Responsible Officials and Planned Corrective Actions: Prior to 2015, the Economic Development Corporation (EDC) operated as a subsidiary of the IDA and reported to the Authority Budget Office as such. Until the EDC Board and IDA Board acted upon dissolution resolutions, it would have been premature to file a meaningful Budget Report for 2016 and beyond, which did not occur until after the Budget Report filing date. With the completion of the 2015 Audited Financial Statements, the EDC can now file all required reports and will be able to comply with all reporting requirements while it awaits final New York State approval of the Corporation's dissolution.