

**TIOGA COUNTY LOCAL  
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**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 statements of financial position as of December 31, 2015 and 2014, 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 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 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 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 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 Tioga County Local Development Corporation as of December 31, 2015 and 2014, 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 29, 2016, 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.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC  
(Formerly EFP Rotenberg, LLP)  
Corning, New York  
March 29, 2016

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Statements of Financial Position**  
**December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 74,692	\$ 45,817
Accounts receivable	-	1,864
Grants receivable	-	100,000
Security deposit	350	350
Total current assets	75,042	148,031
<b>Property and Equipment - Net</b>	2,765	-
<b>Total Assets</b>	\$ 77,807	\$ 148,031
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued payroll liabilities	\$ 2,175	\$ 1,886
<b>Net Assets</b>		
Unrestricted	75,632	146,145
<b>Total Liabilities and Net Assets</b>	\$ 77,807	\$ 148,031

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Unrestricted Net Assets</b>		
<b>Revenues</b>		
Occupancy tax funding	\$ 150,000	\$ 150,000
Grant revenue - ILNY	56,323	56,505
Bike Tioga/running races	32,973	35,471
Cooperative marketing - ILNY	24,406	27,510
DEC Arts	3,000	3,650
Tourism	1,021	2,306
Other income	337	2,135
Interest income	70	87
Sub-total unrestricted revenues and other support	268,130	277,664
Net assets released from purpose restrictions	-	265,880
Total unrestricted revenues and other support	268,130	543,544
<b>Expenses</b>		
Finger Lakes CFA expenses	109,838	164,042
ILNY program expense	87,817	112,908
Wages and related expenses	71,672	76,127
Bike Tioga/running races	22,003	31,674
Visitors center design	10,000	-
Legal and accounting	7,772	7,506
Rent	5,516	4,957
Insurance	5,405	4,949
Internet/software	3,060	1,053
DEC Arts	3,000	3,650
Utilities	2,789	3,647
Advertising	2,754	1,071
Tourism	1,650	574
Office supplies	3,357	2,780
Depreciation	691	962
Memberships	500	970
Public relations	480	610
Conferences and education	339	1,590
Owego Revitalization expenses	-	4,219
Total expenses	338,643	423,289
<b>Change in Unrestricted Net Assets</b>	(70,513)	120,255
<b>Temporarily Restricted Net Assets</b>		
Finger Lakes CFA grant - 2013/2014	-	45,880
Finger Lakes CFA grant - 2014/2015	-	100,000
Finger Lakes CFA grant - contributing organizations	-	45,000
Net assets released from purpose restriction	-	(265,880)
<b>Change in Temporarily Restricted Net Assets</b>	-	(75,000)
<b>Change in Net Assets</b>	(70,513)	45,255
<b>Net Assets - Beginning</b>	146,145	100,890
<b>Net Assets - Ending</b>	\$ 75,632	\$ 146,145

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (70,513)	\$ 45,255
Adjustments		
Depreciation	691	962
Changes in assets and liabilities		
Accounts receivable	1,864	(1,017)
Grants receivable	100,000	(35,880)
Accrued payroll liabilities	289	(3,346)
Net cash flows from operating activities	32,331	5,974
 <b>Cash Flows from Capital and Related Financing Activities</b>		
Purchases of fixed assets	(3,456)	-
 <b>Net Change in Cash and Cash Equivalents</b>	28,875	5,974
 <b>Cash and Cash Equivalents - Beginning</b>	45,817	39,843
 <b>Cash and Cash Equivalents - Ending</b>	\$ 74,692	\$ 45,817

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 temporarily restricted net assets or permanently restricted net assets for the years ended December 31, 2015 and 2014.

**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.

**Cash and Cash Equivalents** - For the purposes of the statements of financial position and 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.

**Grants Receivable** - Grants receivable and revenue are recognized as the Corporation meets performance requirements of the contract.

**Property, Equipment and Depreciation** - Property and equipment are recorded at cost if purchased, or at fair market value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which is 5 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.

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

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**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.

**Advertising** - The Corporation expenses all advertising costs as they are incurred. Advertising expense for the years ended December 31, 2015 and 2014 was \$2,754 and \$1,071, respectively.

**Subsequent Events** - Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

**Note 2. Property and Equipment**

Property and equipment consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Computers	\$ 2,794	\$ 2,794
Equipment	3,456	-
Less, accumulated depreciation	(3,485)	(2,794)
Property and equipment - net	\$ 2,765	\$ -

**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, 2015, the Corporation leases office space on a month-to-month basis. Rent expense for the years ended December 31, 2015 and 2014 was \$5,516 and \$4,957, respectively.

**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, 2015 and 2014, contributions were made on behalf of full-time employees in the amounts of \$817 and \$1,322, respectively. These amounts are included on the statement of activities as part of wages and related expenses.

**Note 6. Concentration of Revenue**

During the years ended December 31, 2015 and 2014, the Corporation's revenue included amounts received from Tioga County for occupancy taxes which amounted to approximately 56% and 28% of the Corporation's revenue, respectively, as well as revenue received from New York State Empire Development which amount to approximately 21% and 10% of the Corporations revenue, respectively.

**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, 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 March 29, 2016.

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Tioga County Local Development Corporation is subject to the Public Authorities Accountability Act, which requires local authorities to post specific financial, budgetary, investment, and procurement information on its website. It was noted that several required items were missing from the Corporation's website.

## **Tioga County Local Development Corporation's Response to Findings**

Tioga County Local Development Corporation's response to the findings identified in our audit is described below. Tioga County Local 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.

Tioga County Local Development Corporation's management has reviewed the Authorities Budget Office (ABO) procedures for retaining and maintaining information on their website and has updated links and documents to the best of their knowledge and ability at this time. Management will review the updates with the Audit Committee and will also consult with the Audit Committee on any other necessary resources to ensure compliance with ABO procedures as soon as reasonably possible.

## **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.

*EFPR Group, CPAs, PLLC*

EFPR Group, CPAs, PLLC  
(Formerly EFP Rotenberg, LLP)  
Corning, New York  
March 29, 2016