

TOWN OF PLATTSBURGH
LOCAL DEVELOPMENT CORPORATION, INC.

Independent Auditors' Report

Financial Statements

December 31, 2011 and 2010

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:

We have audited the accompanying statements of financial position of the Town of Plattsburgh Local Development Corporation, Inc. (a non-profit organization), a component unit of the Town of Plattsburgh, New York as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2012 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* and should be considered in assessing the results of our audits.

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

March 20, 2012

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Statements of Financial Position

December 31, 2011 and 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash	\$ 193,841	318,565
Loans receivable, current portion (note 2)	7,557	19,636
Due from governmental agency	-	550
Grants receivable (note 3)	1,000	-
Total current assets	<u>202,398</u>	<u>338,751</u>
Other assets		
Loans receivable, long-term portion (note 2)	<u>90,125</u>	<u>143,087</u>
	<u>\$ 292,523</u>	<u>481,838</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 1,000	-
Deferred revenue	-	191,317
Total current liabilities	<u>1,000</u>	<u>191,317</u>
Net assets:		
Unrestricted	<u>291,523</u>	<u>290,521</u>
	<u>\$ 292,523</u>	<u>481,838</u>

See accompanying notes and independent auditors' report.

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Statements of Activities

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted:		
Operating revenues:		
Grant revenue	\$ 610,706	-
Interest on loans	<u>1,053</u>	<u>1,102</u>
Total unrestricted revenues	611,759	1,102
Operating expenses:		
Grant expenses	609,706	-
Contractual grant expenses	<u>1,051</u>	<u>325</u>
Total operating expenses	610,757	325
Increase in net assets	1,002	777
Net assets, beginning of year	<u>290,521</u>	<u>289,744</u>
Net assets, end of year	<u>\$ 291,523</u>	<u>290,521</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,002	777
Adjustment to reconcile increase in net assets to net cash provided (used) by operating activities:		
Decrease (increase) in assets:		
Loans receivable	65,041	5,629
Due from governmental agency	550	(550)
Grants receivable	(1,000)	
Increase (decrease) in liabilities:		
Accounts payable	1,000	
Deferred revenue	<u>(191,317)</u>	<u>191,317</u>
Net cash provided (used) by operating activities	(124,724)	197,173
Cash and cash equivalents, beginning of year	<u>318,565</u>	<u>121,392</u>
Cash and cash equivalents, end of year	<u>\$ 193,841</u>	<u>318,565</u>

See accompanying notes and independent auditors' report.

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Notes to Financial Statements

December 31, 2011 and 2010

(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.

The Town of Local Development Corporation is a component unit of the Town of Plattsburgh, New York.

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.

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

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

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 deposits in noninterest-bearing transaction accounts are insured in full and all other deposit accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. At December 31, 2011 and 2010 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 time 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 and, accordingly, these financial statements do not reflect a provision for income taxes.

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, 2011 and 2010 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>2011</u>	<u>2010</u>
	\$ 97,682	98,723
Multina USA - loaned \$120,000 in September 2005, interest free, monthly principal only payment of \$1,000, paid in full during June 2011.	-	64,000
	97,682	162,723
Less current portion	<u>7,557</u>	<u>19,636</u>
Long-term portion	\$ <u>90,125</u>	<u>143,087</u>

Although one loan was delinquent, it is considered to be collectible, therefore no allowance for doubtful accounts was established.

(3) Grants Receivable :

The Organization was awarded a grant from New York State Community Development Block Grant in the amount of \$330,000 for economic development in the Town of Plattsburgh, New York. The grant period began July 13, 2010 and ends July 13, 2012. Grant monies receivable of \$680 at December 31, 2011, represents expenditures made in excess of grant monies received.

The Organization was awarded a grant from New York State Community Development Block Grant in the amount of \$100,000 for economic development in the Town of Plattsburgh, New York. The grant period began October 28, 2010 and ends October 28, 2012. Grant monies receivable of \$320 at December 31, 2011, represents expenditures made in excess of grant monies received.

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Notes to Financial Statements, Continued

(4) Subsequent Events:

The date to which events occurring after December 31, 2011, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is March 20, 2012, which is the date on which the financial statements were available to be issued. Management feels that no further disclosures are required.

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 the financial statements of the Town of Plattsburgh Local Development Corporation, Inc., Plattsburgh, New York as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 20, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Town of Plattsburgh Local Development Corporation, Inc.'s, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Plattsburgh Local Development Corporation, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 responses to be material weaknesses. We consider items 10-01, 10-02, 10-03, 11-01, 11-02 and 11-03 to be material weaknesses.

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 responses to be significant deficiencies. We consider items 10-01, 10-02, 10-03, 11-01, 11-02 and 11-03 to be significant deficiencies.

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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Town of Plattsburgh Local Development Corporation, Inc. Board and is not intended to be and should not be used by anyone other than these specified parties.

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

March 20, 2012

TOWN OF PLATTSBURGH LOCAL DEVELOPMENT CORPORATION, INC.

Schedule of Findings and Responses

December 31, 2011 and 2010

10-01:

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.

10-02:

The Organization does not have an adequate accounting system to record, process, summarize and input financial data.

The Organization is considering instituting a general ledger system such as QuickBooks. Existing staff would obtain training on how to effectively operate the program. The CEO feels this would provide the Organization with a tool that would more easily monitor the financial activities of the Organization.

10-03:

The Organization does not have an individual responsible for the accounting and reporting function with the skills and knowledge to apply generally accepted accounting principles in recording the Organization's financial transactions or preparing its financial statements.

The Organization has an internal Audit Committee and the committee chair is an accountant. At the next board meeting, discussions will center on having the audit committee review financial records on a quarterly and annual basis and discuss what procedures are necessary in order to generate acceptable reports for board meeting and audits.