

**PUTNAM COUNTY  
ECONOMIC DEVELOPMENT  
CORPORATION**

**FINANCIAL STATEMENTS**  
and Supplementary Information

*Years Ended December 31, 2011 and 2010*

**TABLE OF CONTENTS**  
**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**DECEMBER 31, 2011 AND 2010**

	Page
AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
Statements of Financial Position .....	2
Statements of Activities .....	3
Statements of Cash Flows .....	4
Notes to the Financial Statements .....	5
AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION .....	12
SUPPLEMENTARY INFORMATION	
Schedule of 2011 Functional Expenses .....	13
Schedule of 2010 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  
34 Gleneida Avenue  
Carmel, NY

I have audited the accompanying statements of financial position of the Putnam County Economic Development Corporation (a nonprofit organization) 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. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my 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 Corp. 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.



Alan Wolfson  
Certified Public Accountant

Brewster, NY  
March 26, 2012

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$133,699	\$141,647
Prepaid expenses	<u>1,570</u>	<u>2,176</u>
Total current assets	135,269	143,823
Property and equipment, net of accumulated depreciation of \$23,078 and \$22,309	<u>1,591</u>	<u>1,725</u>
TOTAL ASSETS	<u>\$136,860</u>	<u>\$145,548</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,683	\$ 6,874
Accrued payroll	1,862	1,577
Payroll taxes payable	<u>1,923</u>	<u>2,257</u>
CURRENT AND TOTAL LIABILITIES	<u>6,468</u>	<u>10,708</u>
Net assets:		
Unrestricted	<u>130,392</u>	<u>134,840</u>
TOTAL NET ASSETS	<u>130,392</u>	<u>134,840</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$136,860</u>	<u>\$145,548</u>

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

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE:		
Support:		
Putnam County grant	\$122,710	\$104,304
Other contributions	<u>15,900</u>	<u>13,650</u>
Total Support	<u>138,610</u>	<u>117,954</u>
Program revenue:		
Awards breakfast revenue	<u>7,150</u>	<u>8,090</u>
Investment revenue:		
Interest and dividend income	<u>883</u>	<u>2,158</u>
 TOTAL UNRESTRICTED SUPPORT AND REVENUE	 <u>146,643</u>	 <u>128,202</u>
EXPENSES:		
Functional expenses:		
Program services	91,655	100,741
Supporting services:		
Management and general	<u>59,436</u>	<u>56,648</u>
Total Functional expenses	151,091	157,389
Contribution to other organization	<u>-</u>	<u>15,000</u>
Total Expenses	151,091	172,389
 Total Change in Unrestricted/Net Assets	 (4,448)	 (44,187)
Net Assets at Beginning of Year	<u>134,840</u>	<u>179,027</u>
 NET ASSETS AT END OF YEAR	 <u>\$130,392</u>	 <u>\$134,840</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, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (4,448)	\$ (44,187)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	769	724
(Increase) decrease in operating assets:		
Prepaid expenses	605	(730)
Increase (decrease) in operating liabilities:		
Payroll taxes payable	(334)	82
Accounts payable and accrued expenses	(4,190)	4,051
Accrued payroll	<u>285</u>	<u>336</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(7,313)</u>	<u>(39,724)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>(635)</u>	<u>-</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(635)</u>	<u>-</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,948)	(39,724)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>141,647</u>	<u>181,371</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$133,699</u>	<u>\$141,647</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Finance charges paid	\$ -	\$ 31

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

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**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 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.

**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, 2011 and 2010, respectively.

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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 FASB ASC 958, *Not-for-Profit Entities*, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. The organization did not receive any donor restricted contributions in either calendar year 2011 or 2010.

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 meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Property and Equipment and Depreciation

All acquisitions of property and equipment in excess of \$500 are capitalized. Purchased property and equipment are recorded at cost. 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

Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.



**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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

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. 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 in the Supplementary Schedules of Functional Expenses. Accordingly, certain program or supporting service costs have been allocated by management on either specific identification or allocated percentage basis, as appropriate, or allocated among the programs and supporting services benefitted.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2011</u>	<u>2010</u>
Furniture and Fixtures	\$ 2,230	\$ 1,595
Computer Equipment	12,166	12,166
Electronic Equipment	512	512
Telephone System and Internet Phone Equipment	4,165	4,165
Office Equipment	1,083	1,083
Internet Web-site	<u>4,513</u>	<u>4,513</u>
subtotal	24,669	24,034
Less: accumulated depreciation	<u>(23,078)</u>	<u>(22,309)</u>
Property and Equipment, net	<u>\$ 1,591</u>	<u>\$ 1,725</u>

Depreciation expense for the years ended December 31, 2011 and 2010, respectively, was \$769 and \$724.

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 an annual report, NYS CHAR 500, with the NYS Attorney General's Office, Bureau of Charities.

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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).

NOTE 6 - LEASE COMMITMENT

The Organization leases its facility from the County of Putnam on a year-to-year basis for \$525 per month. The Organization is not responsible for any related occupancy costs. Currently, there is no written lease obligation or renewal option.

NOTE 7- COMPOSITION OF CASH AND CASH EQUIVALENTS

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

	<u>2011</u>	<u>2010</u>
Cash in Bank - Operating account	\$ 9,358	\$ 8,132
Cash in Bank - "Premium Savings"	54,098	63,647
Certificates of Deposit	69,993	69,618
Petty Cash	<u>250</u>	<u>250</u>
Total	<u>\$133,699</u>	<u>\$141,647</u>

NOTE 8 - RELATED PARTY TRANSACTIONS

The President of the Organization is the Director of Advertising Sales of a company that is the vendor to whom the Organization paid fees for advertising services for the Shop Putnam Project. For the year ended December 31, 2011, the costs recognized and paid were \$5,585; of this, \$833 was included in accounts payable at the year end. For the year ended December 31, 2010, the costs recognized were \$8,266.

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

A member of the Board of Directors is also 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, 2011 and 2010 respectively, the balances were as follows:

	<u>2011</u>	<u>2010</u>
Operating account	<u>\$ 9,358</u>	<u>\$ 8,132</u>
Premium Savings account	<u>\$54,098</u>	<u>\$63,647</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, 2011 AND 2010**

**NOTE 8 - RELATED PARTY TRANSACTIONS (cont'd.)**

An additional member of the Board of Directors is also the President and C.E.O. of a bank with whom the Organization does banking. The Organization maintains a checking account and a certificate of deposit account. At December 31, 2011 and 2010 respectively, the balances were as follows:

	<u>2011</u>	<u>2010</u>
Main Street Grant Checking	<u>\$ 0</u>	<u>\$ 0</u>
Certificate of Deposit	<u>\$58,124</u>	<u>\$58,403</u>

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

A member of the Board of Directors (who also serves as Treasurer), is the agent from which the Organization purchases all of its insurance policies. For the years ended December 31, 2011 and 2010, respectively, the costs recognized and paid for these policies was \$3,754 and \$2,574.

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

**NOTE 9 - CONCENTRATION OF GRANTS**

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. Therefore, annual funding under these contracts is not guaranteed. The amounts received from these grants were \$122,710 and \$104,304 for the years ended December 31, 2011 and 2010, respectively.

**NOTE 10 - 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, 2011 and 2010, respectively, the Organization had no uninsured cash balances.

**NOTE 11 - LOSS CONTINGENCY (Accrued Liabilities)**

A contingency is an existing condition, situation, or set of circumstances involving an uncertainty that, when resolved, may result in a gain or loss. Contingencies that may result in the loss or impairment of an asset or the incurrence of a liability are called "loss contingencies".

A loss contingency must be accrued as an expense and disclosed when information available prior to issuing the financial statements indicates that it is probable that a loss has been incurred at the financial statement date, and the amount of loss can be reasonably estimated.

The remaining loss contingency of \$11,692 was fully satisfied in calendar year 2010.

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

NOTE 12 - COMPARATIVE RECLASSIFICATIONS

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

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

It has been proposed by the County of Putnam that the Organization relocate its operations to space provided at the Putnam County Office Building at 40 Gleneida Ave., Carmel, NY. At the date of these statements, the move is subject to pending county legislative approval. The monthly rent will be \$262.50, for approximately 200 square feet of workspace and use of common reception and conference areas. The lease, effective through December 31, 2012, will have an option to renew. The County has committed to paying for relocation of the Organization's furniture and equipment, but it is probable that the Organization will bear the cost of set-up, networking, and cabling of their computer systems, which is unknown at this time.

The Organization has evaluated subsequent events through March 26, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Alan Wolfson, C.P.A.

Elaine N. Wolfson, Principal

**Members of:**

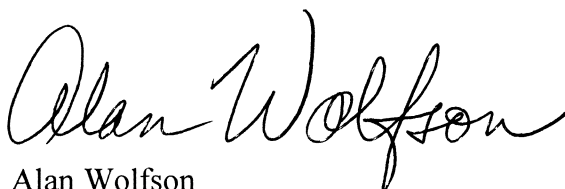
American Institute of Certified Public Accountants

New York State Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Putnam County Economic Development Corporation

I have audited the financial statements of the Putnam County Economic Development Corporation as of and for the years ended December 31, 2011 and 2010, and have issued my report thereon dated March 26, 2012, which contained an unqualified opinion on those financial statements. My audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses 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 taken as a whole.



Alan Wolfson  
Certified Public Accountant

Brewster, New York  
March 26, 2012

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$ 48,132	\$37,104	\$ 85,236
Payroll taxes	<u>4,104</u>	<u>3,199</u>	<u>7,303</u>
Total salaries and payroll taxes	52,236	40,303	92,539
Real Estate Directory project	4,396	-	4,396
“Shop Putnam” project	7,085	-	7,085
Business breakfast and meetings	5,762	-	5,762
Professional dues and memberships	10,663	-	10,663
Empire Zone costs	300	-	300
Website development	1,075	-	1,075
Training and other education	620	-	620
Internet access charges	1,509	-	1,509
Promotional costs	300	-	300
Rent	3,150	3,150	6,300
Telephone	635	634	1,269
Insurance	2,643	1,111	3,754
Office expense and expirable software	280	320	600
Meeting expenses	-	26	26
Professional fees	-	9,491	9,491
Dues and subscriptions	496	1,040	1,536
Travel and meals	383	-	383
Postage	66	65	131
Stationary and printing	-	159	159
Advertising	56	-	56
Maintenance contracts	-	645	645
Repairs - equipment	-	146	146
Cleaning expense	-	1,517	1,517
Fees and permits	<u>-</u>	<u>60</u>	<u>60</u>
Total expenses before depreciation	91,655	58,667	150,322
Depreciation	<u>-</u>	<u>769</u>	<u>769</u>
Total Functional expenses	<u>\$91,655</u>	<u>\$59,436</u>	<u>\$151,091</u>

See auditor’s report on supplementary information.

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2010**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$ 48,132	\$34,614	\$ 82,746
Payroll taxes	<u>4,104</u>	<u>2,873</u>	<u>6,977</u>
Total salaries and payroll taxes	52,236	37,487	89,723
Real Estate Directory project	7,129	-	7,129
“Shop Putnam” project	9,766	-	9,766
Business breakfast and meetings	5,156	-	5,156
Business community promotions	1,820	-	1,820
Professional dues and memberships	10,875	-	10,875
Empire Zone costs	89	-	89
Website development	3,850	-	3,850
Website maintenance and hosting	380	-	380
Internet access charges	1,507	-	1,507
Media costs	1,606	-	1,606
Rent	3,150	3,150	6,300
Telephone	105	105	210
Insurance	1,159	1,415	2,574
Office expense	175	178	353
Meeting expenses	-	134	134
Professional fees	-	9,880	9,880
Dues and subscriptions	-	465	465
Travel	1,704	-	1,704
Postage	6	68	74
Advertising	28	-	28
Maintenance contracts	-	645	645
Repairs - equipment	-	873	873
Cleaning expense	-	1,433	1,433
Finance charges	-	31	31
Fees and permits	<u>-</u>	<u>60</u>	<u>60</u>
Total expenses before deprecation	100,741	55,924	156,665
Depreciation	<u>-</u>	<u>724</u>	<u>724</u>
Total Functional expenses	<u>\$100,741</u>	<u>\$56,648</u>	<u>\$157,389</u>

See auditor’s report on supplementary information.