

SENECA COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NEW YORK
FINANCIAL STATEMENTS
For Years Ended December 31, 2011 and 2010

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Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Seneca County Economic Development Corporation

We have audited the accompanying statement of financial position of the Seneca County Economic Development Corporation, New York as of December 31, 2011 and 2010, and the related statement of activities and statement of cash flows for the years then ended. These financial statements are the responsibility of the not-for-profit organizations management. 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 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. We believe that our audit provides 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 Seneca County Economic Development Corporation 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 February 13, 2012 on our consideration of the Seneca County Economic Development Corporation, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's financial statements. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. These schedules have been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Raymond F. Wager, CPA, P.C.

February 13, 2012

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK

Combined Statement of Financial Position

December 31, 2011 and 2010

<u>ASSETS:</u>	<u>2011</u>	<u>2010</u>
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 102,321	\$ 248,286
Prepaid expense	7,500	-
Accounts receivable	-	5,413
Due from other governments	466,731	-
Total Current Assets	<u>\$ 576,552</u>	<u>\$ 253,699</u>
<u>Capital Assets -</u>		
Machinery and equipment, net	\$ 10,329	\$ -
Total Capital Assets	<u>\$ 10,329</u>	<u>\$ -</u>
TOTAL ASSETS	<u>\$ 586,881</u>	<u>\$ 253,699</u>
 <u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 9,155	\$ -
Due to other governments	235,946	-
Notes payable	-	100,000
Total Current Liabilities	<u>\$ 245,101</u>	<u>\$ 100,000</u>
TOTAL LIABILITIES	<u>\$ 245,101</u>	<u>\$ 100,000</u>
 <u>NET ASSETS:</u>		
Investment in capital assets	\$ 10,329	\$ -
Unrestricted	331,451	153,699
TOTAL NET ASSETS	<u>\$ 341,780</u>	<u>\$ 153,699</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 586,881</u>	<u>\$ 253,699</u>

(The accompanying notes are an integral part of these financial statements)

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK

Combined Statement of Activities
For Years Ended December 31, 2011 and 2010

<u>REVENUES AND OTHER SUPPORT:</u>	<u>2011</u>	<u>2010</u>
Rent income	\$ 60,644	\$ 83,838
Program income	-	16,408
State aid - main street	-	34,832
State and federal aid - pass through grants	1,035,946	86,502
Timber harvest project	230,785	-
Donations	645	-
Burial income	4,141	-
TOTAL REVENUES AND OTHER SUPPORT	\$ 1,332,161	\$ 221,580
 <u>EXPENSES:</u>		
Management and general	\$ 68,089	\$ 20,047
Program services	1,061,453	148,465
Fund raising	14,538	-
TOTAL EXPENSES	\$ 1,144,080	\$ 168,512
 EXCESS (DEFICIENCY) IN UNRESTRICTED NET ASSETS	\$ 188,081	\$ 53,068
 NET ASSETS - BEGINNING OF YEAR	153,699	100,631
 NET ASSETS - END OF YEAR	\$ 341,780	\$ 153,699

(The accompanying notes are an integral part of these financial statements)

**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK**

**Combined Statement of Cash Flows
For Years Ended December 31, 2011 and 2010**

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2011</u>	<u>2010</u>
Increase (decrease) in net assets	\$ 188,081	\$ 53,068
<u>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</u>		
(Increase) decrease in operating assets -		
Accounts receivable/Due from other governments	(461,318)	145,185
Machinery and equipment	(10,329)	-
Prepaid expense	(7,500)	-
Increase (decrease) in operating liabilities -		
Accounts payable	245,101	-
Due to other governments	(100,000)	(87,514)
Other liabilities	-	(67,441)
	<hr/>	<hr/>
Net Cash Provided (Used) by		
Operating Activities	<u>\$ (145,965)</u>	<u>\$ 43,298</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (145,965)	\$ 43,298
BEGINNING CASH AND CASH EQUIVALENTS	<u>248,286</u>	<u>204,988</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 102,321</u></u>	<u><u>\$ 248,286</u></u>

(The accompanying notes are an integral part of these financial statements)

**SENECA COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

(Note 1) Summary of Significant Accounting Policies:

The financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned. Expenditures are recognized when materials or services are received.

A. Organization

The Seneca County Economic Development Corporation, New York (SCEDC) was reincorporated as a nonprofit local development corporation on August 31, 2000. The purposes for which the SCEDC is to be formed and operated, are exclusively for charitable purposes within the meaning of Section 501(c) (3) of the Internal Revenue Code, to relieve and reduce unemployment, promote and provide for additional and maximum employment, to better and maintain job opportunities, lessen the burdens of government and act in the public interest.

B. Basis of Presentation

The Seneca County Economic Development Corporation, New York financials conform with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Seneca County Economic Development Corporation, New York 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. In addition, the Seneca County Economic Development Corporation, New York is required to present a Statement of Cash Flows. The SCEDC has no temporarily or permanently restricted net assets at December 31, 2011.

C. Cash

Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value. For purposes of presenting the statement of cash flows, the Corporation considers all highly liquid short-term investments with maturities of three months or less from the date of purchase to be cash or cash equivalents.

D. Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position since events could potentially occur that jeopardize tax-exempt status. Management is not aware of any events that could jeopardize the Corporation's tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements. The Corporation files an IRS Form 990 Return of Organization Exempt from Income Tax annually. These forms filed for the years ending 2008, 2009, and 2010 are subject to examination by the IRS, generally for 3 years after they were filed.

(Note 1) (Continued)

E. Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on the functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

F. Use of 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.

G. Revenues

The Corporation receives grants from New York State for various economic development programs in Seneca County. These grants are received by the Seneca County Economic Development Corporation then passed through to other organizations once the conditions of the grants are met.

The Corporation receives rental income from Finger Lakes Rail Company for storage of cars on the Depot property.

(Note 2) **Detail Notes on All Funds and Account Groups:**

A. Assets

1. Cash and Investments

The Corporation's investment policies are governed by state statutes. The Corporation's monies must be deposited in FDIC insured commercial banks or trust companies located within the state.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity. The Statement of Cash Flows uses the indirect method of reporting cash flows.

Deposits at year-end were entirely covered by federal depository insurance. The investments are not currently insured or collateralized. Deposits and investments consisted of:

Deposits - All deposits including certificates of deposit are carried at cost and covered by FDIC insurance.

<u>Bank</u>	<u>Carrying</u>	
<u>Balance</u>	<u>Amount</u>	
\$ 602,321	\$ 102,321	Insured FDIC

(Note 3) Accounts Receivable:

Accounts receivable represent the New York State Grant pass through requests due to the EDC as of December 31, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
SCIDA	\$ 230,785	\$ -
New York State	235,946	-
Finger Lakes Rail	-	5,413
Total Accounts Receivable	<u>\$ 466,731</u>	<u>\$ 5,413</u>

(Note 4) Interfund Receivables and Payables:

Interfund receivables and payables at December 31, 2011 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Operating	\$ 96,263	\$ -
Cemetery	-	96,263
Total	<u>\$ 96,263</u>	<u>\$ 96,263</u>

(Note 5) Property and Equipment:

Property and equipment is stated at the lower of cost or fair market value at the date of purchase. Expenditures for property and equipment are capitalized when in excess of \$1,000. Depreciation is computed beginning with the first full year of service using the straight-line method over useful lives of 3 years for computer software and 5 years for equipment items.

The balance at December 31, 2011 is as follows:

<u>Type</u>	<u>Balance at 12/31/2010</u>	<u>Additions</u>	<u>Balance at 12/31/2011</u>
Equipment	\$ -	\$ 10,329	\$ 10,329
Accumulated Depreciation - Equipment	-	-	-
Total	<u>\$ -</u>	<u>\$ 10,329</u>	<u>\$ 10,329</u>

(Note 6) Related Party:

Representation on the Board of Directors of the SCEDC consists of three board members of the Seneca County Industrial Development Agency, Inc. (SCIDA).

The Seneca County IDA performs the bookkeeping function for the SCEDC.

(Note 7) License/Lease Agreements:

- A. License agreement dated July 25, 2011 between SCEDC and Curtis Morin for the rental of land for the purpose of cultivating plant crops. The terms of the agreement will be renewable on an annual basis with a fee totaling \$300.
- B. License agreement dated September 15, 2011 between SCEDC and Donald Reinshagen for the rental of land for the purpose of cultivating plant crops. The terms of the agreement will be renewable on an annual basis with a fee totaling \$300.
- C. License agreement dated August 7, 2011 between SCEDC and Aaron Covert for the rental of land for the purpose of cultivating plant crops. The terms of the agreement will be renewable on an annual basis with a fee totaling \$300.

(Note 7) (Continued)

- D.** On July 22, 2010 the Agency entered into a license agreement with the New York State Police with regard to the Airfield Area known as the “New York State Police and Emergency Services Training Building” and shall expire automatically upon the effective date of a sub-lease, but in no event more than three years.
- E.** License agreement between the SCEDC and Finger Lakes Rail for the use of 19.36 miles of track for the purpose of sorting and refurbishing rail cars. The fee shall be calculated at \$0.30 per car per day for 0-800 rail cars and \$0.35 per car per day in excess of 801. The lease shall expire December 1, 2014.
- F.** On June 1, 2011 the SCEDC entered into a license agreement with the United States of America for the use of approximately 3,900 acres of land for the purpose of troop training. The parcel of land is located at the Seneca Army Depot. The term of the license shall expire May 31, 2013.
- G.** Lease Agreement between the SCIDA and SCEDC for the leasing of land (including logging and mineral rights) commonly known as the “conservation area” and the existing improvements located thereon, consisting principally of approximately sixty-four (64) buildings and/or structures, 506 storage igloos, roadways, fencing and utilities. The lease shall terminate at 11:59 p.m. on December 31, 2035 unless mutually agreed to by the parties. The annual amount of the lease shall be one dollar.

(Note 8) Sampson Veterans Memorial Cemetery:

The Corporation, as of July 2011 agreed to provide services to Seneca County for the Sampson Veterans Memorial Cemetery located in Romulus, New York. These services will consist of the management and maintenance of the Cemetery on a day-to-day basis. In addition, it is the Corporation’s responsibility for hiring and maintaining staff or independent contractors or agents while complying with all State and Federal Laws. All expenses of management and maintenance of the Cemetery shall be a liability to the Corporation and funded either through contributions, donations, grants, in-kind services, income generated through operations and any other source available to the Corporation.

(Note 9) Deficit Net Assets – Cemetery:

The Cemetery Fund had a deficit unrestricted net assets of \$63,541 at December 31, 2011. Management anticipates that future revenues derived from fundraising will provide financial stability and eliminate the deficit.

(Note 10) Commitment and Contingencies:

A. Litigation

As of the date of this report management is not aware of any pending litigation.

(Note 11) Subsequent Events:

Events and transactions which have occurred from January 1, 2011 through February 13, 2012, the date of these financials, have been evaluated by the EDC’s management for the purpose of determining whether there were any events that might require disclosure in these financial statements. No such events or transactions were noted.

**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK
Combining Schedule of Financial Position
December 31, 2011**

	<u>General</u>	<u>Cemetery</u>	<u>Total</u>
<u>ASSETS:</u>	<u>Operations</u>	<u>Cemetery</u>	<u>2011</u>
<u>Current Assets -</u>			
Cash and cash equivalents	\$ 67,944	\$ 34,377	\$ 102,321
Prepaid expense	-	7,500	7,500
Due from other funds	96,263	-	96,263
Due from other governments	466,731	-	466,731
Total Current Assets	\$ 630,938	\$ 41,877	\$ 672,815
<u>Capital Assets -</u>			
Machinery and equipment, net	\$ -	\$ 10,329	\$ 10,329
Total Capital Assets	\$ -	\$ 10,329	\$ 10,329
TOTAL ASSETS	\$ 630,938	\$ 52,206	\$ 683,144
 <u>LIABILITIES:</u>			
<u>Current Liabilities -</u>			
Accounts payable	\$ -	\$ 9,155	\$ 9,155
Due to other governments	235,946	-	235,946
Due to other funds	-	96,263	96,263
Total Current Liabilities	\$ 235,946	\$ 105,418	\$ 341,364
TOTAL LIABILITIES	\$ 235,946	\$ 105,418	\$ 341,364
 <u>NET ASSETS:</u>			
Investment in capital assets	\$ -	\$ 10,329	\$ 10,329
Unrestricted	394,992	(63,541)	331,451
TOTAL NET ASSETS	\$ 394,992	\$ (53,212)	\$ 341,780
TOTAL LIABILITIES AND NET ASSETS	\$ 630,938	\$ 52,206	\$ 683,144

(See Independent Auditors' Report)

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK

Combining Statement of Activities
For Year Ended December 31, 2011

	<u>General Operations</u>	<u>Cemetery</u>	<u>Total 2011</u>
<u>REVENUES:</u>			
Rent income	\$ 60,644	\$ -	\$ 60,644
State and federal aid - pass through grants	1,035,946	-	1,035,946
Timber harvest project	230,785	-	230,785
Donations	-	645	645
Burial income	-	4,141	4,141
TOTAL REVENUES	\$ 1,327,375	\$ 4,786	\$ 1,332,161
<u>EXPENSES:</u>			
<u>Management and General -</u>			
Professional fees	\$ 9,000	\$ 109	\$ 9,109
Legal costs	31,281	-	31,281
Cemetery director services	-	15,500	15,500
Burial service	-	8,195	8,195
Facilities and equipment	-	1,330	1,330
Travel and meetings	-	197	197
Maintenance and repairs	-	2,477	2,477
Total Management and General	\$ 40,281	\$ 27,808	\$ 68,089
<u>Program Services -</u>			
Insurance	\$ 9,555	\$ -	\$ 9,555
Pass through grants	1,035,946	-	1,035,946
Annual dues/fees	-	100	100
Operations - equipment	-	12,659	12,659
Operations - telephone	-	1,704	1,704
Operations - utilities	-	989	989
Miscellaneous	300	200	500
Total Program Services	\$ 1,045,801	\$ 15,652	\$ 1,061,453
<u>Fund Raising -</u>			
Professional fees - fundraising	\$ -	\$ 14,538	\$ 14,538
Total Fund Raising	\$ -	\$ 14,538	\$ 14,538
TOTAL EXPENSES	\$ 1,086,082	\$ 57,998	\$ 1,144,080
EXCESS (DEFICIENCY) IN			
UNRESTRICTED NET ASSETS	\$ 241,293	\$ (53,212)	\$ 188,081
NET ASSETS - BEGINNING OF YEAR	153,699	-	153,699
NET ASSETS - END OF YEAR	\$ 394,992	\$ (53,212)	\$ 341,780

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK

Combining Schedule of Cash Flows
For Year Ended December 31, 2011

	General		Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>Operations</u>	<u>Cemetery</u>	<u>2011</u>
Increase (decrease) in net assets	\$ 241,293	\$ (53,212)	\$ 188,081
 <u>Adjustments to reconcile change in net assets to</u>			
<u>net cash provided (used) by operating activities:</u>			
(Increase) decrease in operating assets -			
Accounts receivable/Due from other governments	(461,318)	-	(461,318)
Due from other funds	(96,263)	-	(96,263)
Machinery and equipment	-	(10,329)	(10,329)
Prepaid expenses	-	(7,500)	(7,500)
Increase (decrease) in operating liabilities -			
Accounts payable	235,946	9,155	245,101
Due to other governments	(100,000)	-	(100,000)
Due to other funds	-	96,263	96,263
	<hr/>	<hr/>	<hr/>
Net Cash Provided (Used) by			
Operating Activities	<u>\$ (180,342)</u>	<u>\$ 34,377</u>	<u>\$ (145,965)</u>
 NET INCREASE (DECREASE) IN CASH			
AND CASH EQUIVALENTS	\$ (180,342)	\$ 34,377	\$ (145,965)
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>248,286</u>	 <u>-</u>	 <u>248,286</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u><u>\$ 67,944</u></u>	 <u><u>\$ 34,377</u></u>	 <u><u>\$ 102,321</u></u>

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

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**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
Seneca County Economic Development Corporation

We have audited the financial statements of the Seneca County Economic Development Corporation as of and for the year ended December 31, 2011, and have issued our report thereon dated February 13, 2012. 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.

Internal Control Over Financial Reporting

The management of the Seneca County Economic Development Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Seneca County Economic Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis.

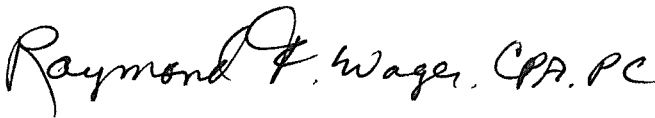
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Seneca 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Seneca County Economic Development Corporation in a separate letter dated February 13, 2012.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and the Federal Awarding Agencies and is not intended to be and should not be used by anyone other than these specified parties.



February 13, 2012