

**VILLAGE OF SOUTH
GLENS FALLS LOCAL DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS AND ACCOUNTANT'S AUDIT REPORT
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

VILLAGE OF SOUTH GLENS FALLS
LOCAL DEVELOPMENT CORPORATION

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Village of South Glens Falls
Local Development Corporation

INDEPENDENT AUDITOR'S REPORT

We have audited the statements of financial position of the Village of South Glens Falls Local Development Corporation a component unit of the Village of South Glens Falls, as of the years ended 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 Corporation's 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 Village of South Glens Falls Local 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 16, 2012 on our consideration of Village of South Glens Falls Local Development Corporation's internal control over financial reporting and our test of its compliance with certain provisions of law, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

February 16, 2012



**VILLAGE OF SOUTH GLENS FALLS
LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 and 2010**

| ASSETS | 2011 <u>Temporarily Restricted</u> | 2010 <u>Temporarily Restricted</u> |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash and Cash Equivalents | \$ 50,241 | \$ 47,948 |
| Loans receivable - current portion | <u>47,532</u> | <u>42,500</u> |
| TOTAL CURRENT ASSETS | <u>97,773</u> | <u>90,448</u> |
| OTHER ASSETS | | |
| Loans Receivable- long term portion | 74,657 | 85,624 |
| Less: Allowance for Bad Debts | <u>(20,000)</u> | <u>(20,000)</u> |
| TOTAL OTHER ASSETS | <u>54,657</u> | <u>65,624</u> |
| TOTAL ASSETS | <u>\$ 152,430</u> | <u>\$ 156,072</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities: | | |
| Accounts payable | \$ 0 | \$ 554 |
| TOTAL CURRENT LIABILITIES | <u>0</u> | <u>554</u> |
| TOTAL LIABILITIES | 0 | 554 |
| NET ASSETS: | <u>152,430</u> | <u>155,518</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 152,430</u> | <u>\$ 156,072</u> |

**VILLAGE OF SOUTH GLENS FALLS
LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES**

FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

| | 2011 | 2010 |
|--|--------------------------------------|--------------------------------------|
| | <u>Temporarily Restricted</u> | <u>Temporarily Restricted</u> |
| REVENUES: | | |
| Legal reimbursement | \$ 1,054 | \$ 0 |
| Miscellaneous | <u>0</u> | <u>50</u> |
| TOTAL SUPPORT AND REVENUES | <u>1,054</u> | <u>50</u> |
| | | |
| EXPENSES: | | |
| Professional fees | 2,250 | 2,354 |
| Insurance | 1,234 | 1,234 |
| Bookkeeping fees | 540 | 540 |
| Dues | 40 | 0 |
| Office expenses | 28 | 0 |
| Filing fees | 50 | 0 |
| TOTAL EXPENSES | <u>4,142</u> | <u>4,128</u> |
| (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS | <u>(3,088)</u> | <u>(4,078)</u> |
| NET ASSETS AT BEGINNING OF YEAR | <u>155,518</u> | <u>159,596</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 152,430</u> | <u>\$ 155,518</u> |

**VILLAGE OF SOUTH GLENS FALLS
LOCAL DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

| | <u>2011</u> | <u>2010</u> |
|---|------------------|------------------|
| Net cash flows from operating activities: | | |
| Legal Reimbursement | \$ 1,054 | \$ 0 |
| Miscellaneous receipt | 0 | 50 |
| Loan repayments received | 55,935 | 40,418 |
| Loans disbursed | (50,000) | 0 |
| Payments for contractual expenses | (4,696) | (3,574) |
| Net cash flows provided by operating activities | <u>2,293</u> | <u>36,894</u> |
| Cash at beginning of period | <u>47,948</u> | <u>11,054</u> |
| Cash at end of period | <u>\$ 50,241</u> | <u>\$ 47,948</u> |
| Reconciliation of Net Operating Income to Net Cash Flows From Operating Activities | | |
| Net Operating Income | \$ (3,088) | \$ (4,078) |
| Adjustments to Reconcile Net Operating Income To Net Cash Provided (Used) by Operating Activities: | | |
| Increase (decrease) in accounts payable | (554) | 554 |
| (Increase) decrease in loans receivable | <u>5,935</u> | <u>40,418</u> |
| Net cash provided (Used) by Operating Activities | <u>\$ 2,293</u> | <u>\$ 36,894</u> |

VILLAGE OF SOUTH GLENS FALLS LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Summary of Significant Accounting Policies

This summary of significant accounting policies of the Village of South Glens Falls Local Development Corporation is presented to assist in understanding the Village of South Glens Falls Local Development Corporation's financial statements. These financial statements and notes are representations of the Village of South Glens Falls Local Development Corporation's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization

Village of South Glens Falls Local Development Corporation was incorporated in August, 2004 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 for low to moderate income residents of the Village of South Glens Falls. This is accomplished through loans to qualifying employers. In 2007, the Village contracted with the Local Development Corporation to administer its 2006 Community Development Block Grant-Micro-Enterprise program. The Local Development Corporation is a component unit of the Village and is included as such in the Village's general-purpose financial statements.

Financial Statement Presentation

The organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No.117, 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. In addition, the Organization is required to present a statement of cash flows.

Revenue Recognition

The Village of South Glens Falls Local Development Corporation's primary source of revenue is from pass-through grant funds from the Village of South Glens Falls for the above described CDBG Program.

Accounting Method

The Village of South Glens Falls Local Development Corporation accounts for all transactions on the accrual method of accounting.

Allowance for Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of outstanding loans receivable at the end of each year. As of December 31, 2011 AND 2010 management considers two loans to be doubtful of collection

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.

Income Taxes

The Village of south Glens Falls Local Development Corporation is exempt from income taxes as a not-for-profit corporation under tax section 501(c) (4) as determined by the Internal Revenue Service and, accordingly, these financial statements do not reflect a provision for income taxes.

VILLAGE OF SOUTH GLENS FALLS LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Summary of Significant Accounting Policies-Continued

Concentrations of Credit Risk

Financial instruments which potentially expose the organization to concentrations of credit risk, as defined by financial Accounting Standards Board Statement No. 105, consist primarily of loans receivable. Management considers the loans net of allowances to be fully collectible.

Village of South Glens Falls Local Development Corporation had funds on deposit at local banks totaling \$50,241 AND \$47,948 as of December 31, 2011 and 2010, respectively. These deposits are fully insured by the Federal Deposit Insurance Corporation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Village of South Glens Falls Local Development Corporation considers all highly liquid investments purchased with a maturity of 90 days or less to be cash equivalents.

Temporarily Restricted Net Assets

All of the LDC's assets are restricted to allowable activities of the Community Development Block Grant Program.

Related Party

The LDC by-laws call for three Directors of the Corporation one of which must be the Mayor or Deputy Mayor of the Village of South Glens Falls. The by-laws also allow for three members who are residents or interested persons from the Village of South Glens Falls. The Village of South Glens Falls Local Development Corporation is provided office space, secretarial services, office equipment, and supplies by the Village without charge.

VILLAGE OF SOUTH GLENS FALLS LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Loans Receivable

All loans receivable are non-interest bearing and consisted of the following at December 31, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|---|----------------|----------------|
| 1) Loaned \$25,000 in October 2007 due in monthly payments of \$417 through November 2012 | \$ 5,833 | \$ 10,833 |
| 2) Loaned \$25,000 in March 2008 due in monthly payments of \$417 through March 2013 | 6,250 | 11,250 |
| 3) Loaned \$15,000 in November 2008 due in monthly payments of \$250 through November 2013 | 6,500 | 8,750 |
| 4) Loaned \$25,000 in November 2008 due in monthly payments of \$417 through November 2013 | 9,583 | 14,584 |
| 5) Loaned \$22,500 in November 2008 due in monthly payments of \$375 through November 2013 | 9,000 | 13,125 |
| 6) Loaned \$25,000 in November 2008 due in monthly payments of \$417 through November 2013 | 10,421 | 14,583 |
| 7) Loaned \$25,000 in November 2008 due in monthly payments of \$417 through November 2013 | - | 15,000 |
| 8) Loaned \$25,000 in November 2009 due in monthly payments of \$417 through November 2014 | 17,199 | 20,416 |
| 9) Loaned \$25,000 in November 2009 due in monthly payments of \$417 through November 2014 | 14,167 | 19,583 |
| 10) Loaned \$25,000 in April 2011 due in monthly payments of \$417 through April 2016 | 21,670 | - |
| 11) Loaned \$25,000 in June 2011 due in monthly payments of \$417 through June 2016 | 21,566 | - |
| | <hr/> | <hr/> |
| Total loans receivable | 122,189 | 128,124 |
| | <hr/> | <hr/> |
| Less current portion | 47,532 | 42,500 |
| | <hr/> | <hr/> |
| Long-term portion | \$ 74,657 | \$ 85,624 |

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To The Board of Directors
Village of South Glens Falls
Local Development Corporation

**INDEPENDENT AUDITOR'S 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**

We have audited the financial statements of Village of South Glens Falls Local Development Corporation (LDC) (a non-profit corporation) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated February 16, 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

In planning and performing our audit, we considered Village of South Glens Falls Local Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LDC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the LDC'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 entity'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 Village of South Glens Falls Local Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants

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, Board of Directors and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these parties.

February 16, 2012

Jeffrey J. Becker CPA

VILLAGE OF SOUTH GLENS FALLS
LOCAL DEVELOPMENT CORPORATION

Schedule of Findings and Responses

Year Ended December 31, 2011

Section I – Summary of Auditor’s Results

We had no findings on noncompliance.