

**Jan E. Nolis**

Certified Public Accountant

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TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION

Report on Audit of Financial Statements

For the Year Ended December 31, 2011 and 2010

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION

Contents

Independent Auditor's Report on the Financial Statements . . . .	1
Statement of Financial Position. . . . .	2
Statement of Activities and Changes in Net Assets. . . . .	3
Statement of Cash Flows. . . . .	4
Notes to Financial Statements. . . . .	5-8

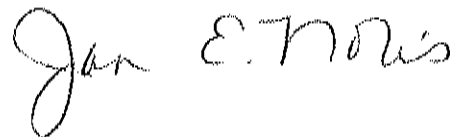
INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Tioga County Local Development Corporation

I have audited the accompanying statement of financial position of the Tioga County Local Development Corporation (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the year 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 audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the audit provides 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 Tioga County Local Development Corporation as of December 31, 2011 and 2010, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



July 18, 2012  
Owego, New York

Tioga County Local Development Corporation  
Statement of Financial Position  
For the years ended December 31, 2011 and 2010

	<u>Unrestricted</u>	<u>Property &amp; Equipment</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 23,520	0	23,520	\$ 25,328
Interest receivable	0	0	0	0
Current portion revolving				
Loans receivable	0	0	0	0
Security deposit	350	0	350	350
	<u>23,870</u>	<u>0</u>	<u>23,870</u>	<u>25,678</u>
Revolving loans receivable	0	0	0	0
Property and equipment		98,526	98,526	95,731
Less Accum. Depreciation	0	(53,691)	(53,691)	(46,568)
	<u>\$ 23,870</u>	<u>44,835</u>	<u>68,705</u>	<u>\$ 74,841</u>
 <b>Liabilities and net assets</b>				
Liabilities	0	0	0	0
 Net Assets				
Tourism	\$ 23,870	0	23,870	\$ 25,678
Investment in property and equipment	<u>0</u>	<u>44,835</u>	<u>44,835</u>	<u>49,163</u>
Total Net Assets	<u>23,870</u>	<u>44,835</u>	<u>68,705</u>	<u>74,841</u>
	<u>\$ 23,870</u>	<u>\$ 44,835</u>	<u>68,705</u>	<u>\$ 74,841</u>

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

Tioga County Local Development Corporation  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2011 and 2010

	Unrestricted	Property & Equipment	Total 12/31/2011	Total 12/31/2010
<b>Support and Revenue</b>				
Grant revenue-ILNY	\$ 59,410	0	\$ 59,410	\$ 0
Occupancy tax funding	123,899	0	123,899	128,862
DEC Arts	2,928	0	2,928	3,138
Supplemental - R003	13,957	0	13,957	785
Administrative fees	0	0	0	4,516
Cooperative Marketing	21,698	0	21,698	1,604
Tourism	10,598	0	10,598	6,783
Interest income	47	0	47	150
<b>Total</b>	<b>232,537</b>	<b>0</b>	<b>232,537</b>	<b>145,838</b>
<b>Expenses</b>				
Wages	\$ 62,258	0	62,258	61,571
Benefits	4,359	0	4,359	4,449
Payroll taxes	5,136	0	5,136	5,283
ILNY Program expenses	119,241	0	119,241	0
Memberships	1,625	0	1,625	925
Advertising	511	0	511	7,958
Public Relations	987	0	987	14,354
HOM Gift Certificates	236	0	236	493
Visitor Information	1,519	0	1,519	3,853
DEC Arts	2,928	0	2,928	3,288
Tioga Journeys	1,450	0	1,450	3,643
Bike Tioga	2,188	0	2,188	2,345
Conferences & Education	2,363	0	2,363	2,036
Telephone	2,313	0	2,313	2,722
Office Copier	1,226	0	1,226	947
Office Supplies	2,656	0	2,656	2,107
Insurance	4,057	0	4,057	2,882
Internet/Software	1,791	0	1,791	1,241
Rent	4,671	0	4,671	4,175
Legal and Accounting	2,375	0	2,375	2,994
Postage	1,210	0	1,210	2,647
Utilities	1,015	0	1,015	923
Equipment	5,325	0	5,325	1,059
Website & Development	110	0	110	2,115
Depreciation	0	7,123	7,123	7,023
	<u>231,550</u>	<u>7,123</u>	<u>238,673</u>	<u>141,033</u>
Increase (decrease) in net assets	987	(7,123)	(6,136)	4,805
Net assets, beginning of year	25,678	49,163	74,841	374,141
Transfer of Assets	(2,795)	2,795	0	0
Transfer of Assets to TCIDA	0	0	0	(304,105)
Net assets, end of year	<u>\$ 23,870</u>	<u>44,835</u>	<u>\$ 68,705</u>	<u>\$ 74,841</u>

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

Tioga County Local Development Corporation  
Statement of Cash Flows  
For the Year Ended December 31, 2011 and 2010

Operating activities	<u>2011</u>	<u>2010</u>
Increase (decrease) in net assets	\$ (6,136)	\$ 4,805
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	7,123	7,023
Changes in operating assets and liabilities		
Transfer of net assets to TC IDA	0	(459,597)
(Increase) decrease in interest receivable	0	555
Increase (decrease) in interest payable	0	(5,078)
Net cash provided by operating activities	<u>987</u>	<u>(452,292)</u>
Investing Activities		
Acquisition of fixed assets	(2,795)	0
Net cash provided by financing activities	<u>(2,795)</u>	<u>0</u>
Increase in cash and cash equivalents	(1,808)	(452,292)
Cash and cash equivalents, beginning of year	<u>25,328</u>	<u>477,620</u>
Cash and cash equivalents, end of year	<u>\$ 23,520</u>	<u>\$ 25,328</u>

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

Tioga County Local Development Corporation  
Notes To Financial Statements

Note A. Summary of significant accounting policies:

The policies outlined below are those which have a significant effect on the financial statements. In certain instances more detailed information with respect to accounting policies may be included elsewhere; therefore, the notes to financial statements should be read in their entirety.

1. Organization

The Tioga County Local Development Corporation was created under Section 1411 of the New York State Not-for-Profit Corporation Law. Its stated missions include the expansion, encouragement and development of economic opportunity and employment in Tioga County, New York.

The nine voting members of the Board of Directors are appointed by the Tioga County Legislature. The right of appointment may cause the Organization to be regarded as a component unit of the County government. The initial organizational meeting of the Board was held in July of 1994, at which time the Directors adopted the corporate by-laws and elected officers.

2. Basis of accounting

The Organization's policy is to prepare its financial statements on an accrual basis. Under this basis, revenues are recognized when earned rather than when received, and expenses are recognized when incurred rather than disbursed. In addition, the organization follows SFAS 117 which requires the classification its net assets as either: unrestricted, temporarily restricted, or permanently restricted based upon the absence, existence, and nature of donor restrictions.

3. Property and equipment

Property and equipment is stated at cost on the date of purchase or fair market value at the date of donation, less accumulated depreciation. Depreciation is computed using straight-line and accelerated methods over the useful lives (5-7 years) of the assets. Routine maintenance and repairs are charged to operations as they are incurred. Expenditures over \$1,000 that extend the useful life of an asset are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and resulting gain or loss, if any, is included in operations. Depreciation expense for the years ended December 31, 2011 and 2010 was \$7,123 and \$7,023, respectively.

Tioga County Local Development Corporation  
Notes To Financial Statements

Note A. Summary of significant accounting policies (continued):

4. Grant accounting

Pass-through grants are recorded as revenues or receivables when awarded, and also as offsetting liabilities or expenses. Other operating grants are recorded as receivables or deferred revenues upon award of the contracts. Grant revenues are recognized as the Organization meets performance requirements of the contracts. Grant expenditures are recognized upon satisfactory completion of the performance requirements specified by the grant award agreement.

Capital grants are regarded as contributions of capital, and are reported in the fund equity section of the Organization's balance sheet. The net balance of such capital invested by other sources is reduced each year by a proportional share of depreciation charges for the capital assets so acquired. There were no capital grants received in the years ended December 31, 2011 or 2010.

5. Income taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code.

6. 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Cash and cash equivalents

For the purpose of the statement of changes in net assets and statement of 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.



Tioga County Local Development Corporation  
Notes to Financial Statements

Note A. Summary of significant accounting policies (continued):

8. Net Assets

The Agency reports its net assets in three components. Net assets invested in capital assets are equal to amounts reported for capital assets, net of related debt and accumulated depreciation. Restricted net assets are reported when assets (net of related debt) can only be used for a specified purpose that is established by grantors, contributors or laws and regulations governing the Organization. None of the Organization's net assets arise from endowments. For this reason, all net assets are considered expendable. Unrestricted net assets are all other Organization net assets that do not meet the definitions of invested in capital assets or restricted.

9. Credit Risk

In accordance with the Corporation's deposit policy, all deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits. As of the balance sheet date no accounts are in excess of the FDIC limitation.

10. Subsequent events

The Organization has to evaluate events and transactions that occurred between December 31, 2011 and July 18, 2012, which is the date the date the field work was completed, for possible disclosure and recognition in the financial statements. No disclosures were deemed required.

Note B. Program activities:

1. Tourism

The tourism office is funded primarily by grant support provided by the County of Tioga. The activities of the tourism office includes identification of opportunities for tourism within the County, enhancements to attractive sites and facilities, and promotion and marketing activities to increase public awareness

Tioga County Local Development Corporation  
Notes To Financial Statements

Note B. Program activities (continued):

of these opportunities. Tioga County supported the Organization's tourism operations with funds from the County's Bed & Breakfast tax for the years ended December 31, 2011 and 2010 in the amount of \$123,899 and \$128,862, respectively.

The tourism office has elected annually to participate in a matching program sponsored by the NYS Department of Economic Development's Division of Tourism. The program is designed to promote tourism on a regional basis and runs on a calendar year. In 2010, the program was temporarily suspended and the Tourism office received no funding. The program was reinstated in the year 2011. A total of \$119,241 was administered by the Tourism office for 2011. Those funds were matched by Funding from the NYSED Division of Tourism in the amount of \$\$59,410.

3. Façade Program

The Commercial Façade Improvement Program grants are available for up to 50% of the total allowable project costs, up to a maximum of \$10,000. The balance in the Façade account as of December 31, 2011 and 2010 was \$ \$3,439 and \$3,437 respectively.

Note C. Related parties:

The Tioga County legislature appoints the Organization's nine directors. The Director of the County's Department of Economic Development and Planning serves as President of the Organization. These conditions may cause the Organization to be regarded as a component unit of the County government for financial reporting purposes.

Note D. Rent

As of December 31, 2011 the Organization leases office space on a month to month basis. A three percent increase took effect on May 1, 2011. Rent expense for the years ended December 31, 2011 and 2010 was \$4,671 and \$4,175 respectively.

Note E. Simple Plan:

The Corporation adopted a SIMPLE retirement plan. The plan covers full-time employees with a contribution of 3% of annual salary. In 2011 and 2010, contributions in the amount of \$1,859 and \$1,803 were made on behalf of full-time employees.