

**The Town of Glenville Local Development
Corporation, Schenectady County,
New York**

**Financial Statements
Year Ended December 31, 2013**



BRYANS & GRAMUGLIA
CPAs, LLC

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
December 31, 2013**

Contents

Independent Auditors' Report	1-2
Financial Statements	
Statement of financial position	3
Statement of activities	4
Statement of cash flows	5
Notes to financial statements	6-8
Supplemental Information	
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 <i>Government Auditing Standards</i>	9-10
Schedule of findings and questioned costs	11-13



Independent Auditors' Report

To the Board of Directors of
The Town of Glenville Local Development
Corporation, Schenectady County, New York

Report on the Financial Statements

We have audited the accompanying financial statements of The Town of Glenville Local Development Corporation, Schenectady County, New York (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Town of Glenville Local Development Corporation, Schenectady County, New York as of December 31, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of The Town of Glenville Local Development Corporation, Schenectady County, New York'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* in considering The Town of Glenville Local Development Corporation, Schenectady County, New York's internal control over financial reporting and compliance.

Bryans & Gramuglia CPAs, LLC

Albany, New York
March 31, 2014

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statement of Net Assets
December 31, 2013**

ASSETS

Current Assets

Cash	\$ 550,265
Prepaid expense	1,311
Total Current Assets	<u>551,576</u>
 TOTAL ASSETS	 <u>\$ 551,576</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 85
Refundable advance	551,491
Total Current Liabilities	<u>551,576</u>

Net Assets

Unrestricted	<u>-</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 551,576</u>

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statement of Activities
For the Year Ended December 31, 2013**

Operating Revenues

Grant income	\$ 13,761
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Operating Expenses

Professional fees	12,040
Bank charges	12
Insurance	1,607
Postage	102
Total Operating Expenses	<u>13,761</u>

Change in Net Assets

Net Assets, Beginning of Year	<u>-</u>
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Net Assets, End of Year	<u><u>\$ -</u></u>
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**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statement of Cash Flows
For the Year Ended December 31, 2013**

Cash Flows From Operating Activities

Change in net assets	\$ -
Adjustments to reconcile change in net assets to to net cash provided by operating activities	
(Increase) decrease in assets:	
Prepaid expense	(1,311)
Increase (decrease) in liabilities:	
Accounts payable	85
Refundable advance	551,491
Net Cash Provided by Operating Activities	<u>550,265</u>
Cash, Beginning of Year	<u>-</u>
Cash, End of Year	<u><u>\$ 550,265</u></u>

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2013**

1. NATURE OF OPERATIONS

The Town of Glenville Local Development Corporation, Schenectady County, New York (the Organization), a not-for-profit corporation, was established in June 2012 for the purpose of construction, acquiring, rehabilitating, and improving buildings or sites in the Town of Glenville, New York, or to assist financially in the construction, acquisition, rehabilitation, and improvement of buildings or sites within the Town, and to foster employment opportunities for the town residents, including business retention and attraction, and job creation and retention. Grant income to carry out these objectives was received during the year ended December 31, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies used to prepare the accompanying financial statements follows:

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Prepaid Expenses

Prepaid expenses consist of expenditures made prior to the year-end for goods or services that will be received in future years.

Refundable Advance

Refundable advance consists of money advanced by a funding source for the Organization's programs. The advance will be recognized as revenue when the funds are spent in accordance with the requirements of the grants.

Net Assets – Unrestricted

Unrestricted net assets represent resources over which the Board of Directors has discretionary control. The resources can be used to carry out the operations of Organization in accordance with their by-laws.

Recognition of Income

Revenues from government grants are recognized when the funds are spent in accordance with the requirements of the grants.

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are met in the same year in which the contributions are recognized.

All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State law. The Organization has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the Code.

The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10 which requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. However, the Organization has no knowledge of events or circumstances that would jeopardize its tax-exempt status.

The Organization implemented FASB ASC 740-10 and its current accounting policy for evaluating uncertain tax positions in accordance with generally accepted accounting principles. The Organization has not recognized any benefits from uncertain tax positions in 2013 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the statement of financial position date.

The Organization evaluated its tax position and concluded that all the positions taken by the Organization would more likely than not be sustained upon examination, based on technical merits.

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2013**

3. REFUNDABLE ADVANCE

The Organization received a refundable advance as a subrecipient to a United States Department of Housing and Urban Development (HUD) 2007 Community Development Block Grant – Economic Development (CDBG-ED) from the Town of Glenville. The Organization recorded this refundable advance as an exchange transaction in a manner consistent with the HUD Program Income Rules as detailed in the Subrecipient Agreement maintained by the Organization. The activity in the refundable advance account is reported as follows:

Refundable advance, beginning of year	\$	-
Grant awards received		565,252
Grant expenditures		<u>(13,761)</u>
Refundable advance, end of year		<u>\$ 551,491</u>

4. FUNCTIONAL EXPENSES

Functional expenses related to the services provided by the Organization are as follows for the year ended December 31, 2013:

Program services	\$	1,607
Fundraising		-
Administration		<u>12,154</u>
Total Expenses		<u>\$ 13,761</u>

5. CONTINGENCIES

For the year ended December 31, 2013, the Organization received a significant grant for specific purposes that are subject to review and audit by the grantor or their designee. Such audit could lead to a request for repayment to the grantor for expenditures disallowed under the terms of the grant. Repayments, if any, are recognized in the year known. The Organization believes such disallowances, if any, will be immaterial to the financial statements.

6. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in a financial institution located in Glenville, New York. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year ended December 31, 2013, the Organization had bank deposits in excess of amounts insured by the FDIC.

7. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 31, 2014, the date which the financial statements were available to be issued.



Independent Auditors' 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 of
The Town of Glenville Local Development
Corporation, Schenectady County, New York

We have audited, in accordance with the 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, the financial statements of the Town of Glenville Local Development Corporation, Schenectady County, New York (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Glenville Local Development Corporation, Schenectady County, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Town of Glenville Local Development Corporation, Schenectady County, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiency described in 2013-1 in the accompanying schedule of findings and questioned costs to be a material weakness.

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 deficiency described in 2013-2 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Glenville Local Development Corporation, Schenectady County, New York's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questions costs as items 2013-1 and 2013-2.

The Town of Glenville Local Development Corporation, Schenectady County, New York's Response to Findings

The Town of Glenville Local Development Corporation, Schenectady County, New York's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Glenville Local Development Corporation, Schenectady County, New York's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bryans & Gramuglia CPAs, LLC

Albany, New York

March 31, 2014

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Schedule of Findings and Questioned Costs
December 31, 2013**

NEW YORK STATE AUTHORITIES BUDGET OFFICE

**Questioned
Costs**

2013-1 – Segregation of Duties

Condition:

We noted during our audit procedures and our inquiries with management that there is no segregation of duties related to cash. The individual who is the custodian of the assets is also responsible for the record keeping and preparation of bank reconciliations.

Criteria:

Proper segregation of duties is critical for the safeguarding of assets. Internal controls need to be put in place to ensure that no one person has custody of the assets and the record keeping function.

Effect:

Although 100% of the cash transactions for 2013 were audited, the proper controls were not in place to ensure that potential material misstatements would be detected.

\$ - 0 -

Cause:

The Organization did not have proper internal controls addressing segregation of duties.

Recommendation:

We recommend that the Organization continue to adhere to the internal controls implemented subsequent to December 31, 2013. These controls require a Board Member to review and sign off on all bank reconciliations and bank statements. Additionally, the Treasurer must complete and present a Treasurer's Report monthly to the Board of Directors.

Response:

After meeting with the field audit team, the LDC chairman reviews the bank statement, initials it and then forwards it to the treasurer. The treasurer reports the bank balance at each meeting for inclusion into the board minutes.

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Schedule of Findings and Questioned Costs
December 31, 2013**

NEW YORK STATE AUTHORITIES BUDGET OFFICE

Questioned
Costs

2013-2 – Compliance Requirements

Condition:

We noted during our audit procedures and our inquiries with management that the Organization was not in compliance with certain requirements as outlined by New York Public Authorities Law and the New York State Authorities Budget Office (ABO). These requirements are as follows:

- Submit the mission statement to the ABO.
- Perform an annual self-evaluation of the mission statement and publish that the Organization has done so.
- Establish a policy for defense and indemnification.
- Establish a policy for travel.
- Establish a policy for investments.
- Establish a policy for property guidelines.
- Complete and report the required internal control assessment.
- Complete and report the operating and financial risks.
- Complete and report biographical information for all board members and specified employees.
- Complete and report the Organization's operating budget report that includes an actual versus estimated budget.

Criteria:

Procedures should be in place to ensure that all compliance requirements are appropriately addressed and satisfied.

Effect:

The Organization is not in compliance with the requirements of New York Public Authorities Law and the New York State Authorities Budget Office.

\$ - 0 -

Cause:

The Organization is in its first full year of operations and although management has evaluated the compliance requirements that are required to be addressed, they had not completely implemented them by December 31, 2013.

The Town of Glenville Local Development
Corporation, Schenectady County, New York
Schedule of Findings and Questioned Costs
December 31, 2013

NEW YORK STATE AUTHORITIES BUDGET OFFICE

Questioned
Costs

2013-2 – Compliance Requirements (continued)

Recommendation:

We recommend that the Organization evaluate these compliance requirements and make sure that each is addressed appropriately.

Response:

The board understands the outstanding ABO requirements. The board has reviewed its compliance checklist and is in the process of completing the required items.