

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

**Financial Statements
Year Ended December 31, 2018**



BRYANS & GRAMUGLIA
CPAs, LLC

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
December 31, 2018**

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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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 audits 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 4 to the financial statements, The Town of Glenville Local Development Corporation, Schenectady County, New York implemented Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2019, 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 solely 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 effectiveness of the Town of Glenville Local Development Corporation, Schenectady County, New York's 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 27, 2019

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statements of Financial Position
December 31, 2018 and 2017**



	ASSETS	
	<u>2018</u>	<u>2017</u>
Current Assets		
Cash	\$ 182,013	\$ 221,242
Interest receivable	-	504
Current installments of loans receivable	63,573	58,977
Prepaid expense	1,085	1,101
Total Current Assets	<u>246,671</u>	<u>281,824</u>
Other Assets		
Loans receivable, net of current installments	<u>279,942</u>	<u>248,131</u>
TOTAL ASSETS	<u><u>\$ 526,613</u></u>	<u><u>\$ 529,955</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 300	\$ 240
Refundable advance	-	68,194
Total Current Liabilities	<u>300</u>	<u>68,434</u>
Net Assets		
Without donor restrictions	<u>526,313</u>	<u>461,521</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 526,613</u></u>	<u><u>\$ 529,955</u></u>

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statements of Activities
For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Grant income	\$ 68,194	\$ 123,933
Interest income	14,648	10,791
Other income	100	1,100
Total Operating Revenues	<u>82,942</u>	<u>135,824</u>
Operating Expenses		
Program services	17,690	12,817
Fundraising	-	-
Management and general	460	115
Total Operating Expenses	<u>18,150</u>	<u>12,932</u>
Change in Net Assets	64,792	122,892
Net Assets, Beginning of Year	<u>461,521</u>	<u>338,629</u>
Net Assets, End of Year	<u>\$ 526,313</u>	<u>\$ 461,521</u>

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statement of Functional Expenses
For the Year Ended December 31, 2018**

	Program Services	Supporting Services		2018 Total
		Management and General	Fundraising	
Professional fees	\$ 11,057	\$ 210	\$ -	\$ 11,267
Advertising	-	250	-	250
Insurance	2,717	-	-	2,717
Office expenses	936	-	-	936
Dues and subscriptions	480	-	-	480
Donations	2,500	-	-	2,500
Total Functional Expenses	\$ 17,690	\$ 460	\$ -	\$ 18,150

The notes to the financial statements are an integral part of this statement.

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statement of Functional Expenses
For the Year Ended December 31, 2017**

	Program Services	Supporting Services		2017 Total
		Management and General	Fundraising	
Professional fees	\$ 9,142	\$ 115	\$ -	\$ 9,257
Advertising	-	-	-	-
Insurance	2,582	-	-	2,582
Office expenses	593	-	-	593
Dues and subscriptions	400	-	-	400
Donations	100	-	-	100
Total Functional Expenses	\$ 12,817	\$ 115	\$ -	\$ 12,932

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 64,792	\$ 122,892
Adjustments to reconcile change in net assets to to net cash provided (used) by operating activities (Increase) decrease in assets:		
Interest receivable	504	(269)
Prepaid expense	16	(61)
Increase (decrease) in liabilities:		
Accounts payable	60	240
Refundable advance	(68,194)	(123,935)
Net Cash Provided (Used) by Operating Activities	<u>(2,822)</u>	<u>(1,133)</u>
Cash Flows From Investing Activities		
Issuance of loans receivable	(98,000)	(111,000)
Proceeds from loans receivable	61,593	72,554
Net Cash Provided (Used) by Investing Activities	<u>(36,407)</u>	<u>(38,446)</u>
Net Increase (Decrease) in Cash	(39,229)	(39,579)
Cash, Beginning of Year	<u>221,242</u>	<u>260,821</u>
Cash, End of Year	<u>\$ 182,013</u>	<u>\$ 221,242</u>

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2018 and 2017**

1. NATURE OF OPERATIONS

The Town of Glenville Local Development Corporation, Schenectady County, New York, (the Organization) is a not-for-profit corporation established in June 2012 with a mission to serve as a resource to stimulate economic development within the Town of Glenville through the growth and retention of new and existing businesses, job creation and retention, and other initiatives designed to benefit the citizens of Glenville. Grant proceeds to carry out this mission were 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.

Allowance and Loan Impairment

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent to the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, and economic conditions. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Because of uncertainties associated with the regional economic conditions, collateral value and future cash flows on impaired loans, it is reasonably possible that management's estimate of credit losses inherent in the loan portfolio and the related allowance may change materially in the near term. The allowance is increased by a provision for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. Management believes that any allowance would be immaterial to the financial statements at December 31, 2018 and 2017.

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.

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2018 and 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets Without Donor Restrictions

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restrictions.

Recognition of Income

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

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 net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization reports gifts of land, buildings and equipment as without donor restrictions 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 net assets with donor restrictions. 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.

Functional Allocation of Expenses

Expenses of the Organization are directly charged to program and supporting services.

Advertising Expense

The Organization expenses advertising costs as they are incurred. Advertising costs were \$250 and \$-0- for the years ended December 31, 2018 and 2017, respectively.

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 and disclosures. Accordingly, actual results could differ from those estimates.

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 Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2018 and 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

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 2018 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 information returns of the Organization for 2015, 2016, and 2017 are subject to examination by tax authorities, generally three years after they were filed.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2018</u>	<u>2017</u>
Financial assets at year-end	\$ 245,586	\$ 280,723
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 245,586	\$ 280,723

The Organization generally maintains and keeps available all financial assets to meet its operating expenses as they become due.

4. CHANGE IN ACCOUNTING PRINCIPLE

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-For-Profit Entities*, which significantly amends the standards for the presentation and accompanying disclosures of the financial statements of not-for-profit organizations.

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2018 and 2017**

4. CHANGE IN ACCOUNTING PRINCIPLE

ASU 2016-14 makes the following changes to the notes to the financial statements:

- Eliminates the disclosure requirement to reconcile investment return to the amounts on the face of the statement of activities if the investment return is divided into operating and non-operating components.
- Eliminates the requirement to disclose the composition of investment return (investment income, net realized gains or losses on investments reported at other than fair value, and net gains or losses on investments reported at fair value).
- Eliminates the requirement to disclose investment income separate from net appreciation or depreciation (gains and losses) in the rollforward of the net assets of endowment funds.
- Requires qualitative and quantitative disclosures about the liquidity and availability of financial assets.
- Requires additional disclosures about underwater endowment funds.
- Requires disclosures about governing board designations of net assets.
- Requires an analysis of expenses by functional and natural expense classifications to be included in one location either on the face of the statement of activities, in the notes to the financial statements or as a separate statement, and a description of the allocation methods used in classifying expenses among the functional expense categories.
- Reduces the number of classes of net assets from three to two (net assets with donor restrictions and net assets without donor restrictions).

The changes have the following effect on net assets at December 31, 2017:

	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 461,521	\$ -
Temporarily restricted net assets	-	-
Permanently restricted net assets	-	-
Net assets without donor restrictions	-	461,521
Net assets with donor restrictions	-	-
Total Net Assets	<u>\$ 461,521</u>	<u>\$ 461,521</u>

In addition, certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the December 31, 2018 financial statements.

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2018 and 2017**

5. LOANS RECEIVABLE

Loans receivable consist of five loans to local businesses with interest rates ranging from 3.5% to 6.25%.

Expected repayments on the loans receivable at December 31, 2018 are as follows:

2019	\$	63,573
2020		57,019
2021		106,961
2022		54,120
2023		28,041
Thereafter		<u>33,801</u>
Total		343,515
Less current portion		<u>63,573</u>
Loans receivable, net of current portion	\$	<u><u>279,942</u></u>

6. 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 for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Refundable advance, beginning of year	\$ 68,194	\$ 192,129
Grant awards received	-	-
Grant expenditures	<u>(68,194)</u>	<u>(123,935)</u>
Refundable advance, end of year	<u>\$ -</u>	<u>\$ 68,194</u>

7. CONTINGENCIES

For the years ended December 31, 2018 and 2017, 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.

8. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 27, 2019, 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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2019.

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 the Organization's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 27, 2019