

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

**Financial Statements
Year Ended December 31, 2016**



BRYANS & GRAMUGLIA
CPAs, LLC

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
December 31, 2016**

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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, 2016 and 2015, and the related statements of activities 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, 2016 and 2015, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017, 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 30, 2017

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statements of Financial Position
December 31, 2016 and 2015**



	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash	\$ 260,821	\$ 430,279
Interest receivable	235	274
Current installments of loans receivable	49,499	22,577
Prepaid expense	1,040	1,055
Total Current Assets	<u>311,595</u>	<u>454,185</u>
Other Assets		
Loans receivable, net of current installments	<u>219,163</u>	<u>80,387</u>
TOTAL ASSETS	<u><u>\$ 530,758</u></u>	<u><u>\$ 534,572</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ -	\$ 614
Refundable advance	192,129	403,381
Total Current Liabilities	<u>192,129</u>	<u>403,995</u>
Net Assets		
Unrestricted	<u>338,629</u>	<u>130,577</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 530,758</u></u>	<u><u>\$ 534,572</u></u>

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statements of Activities
For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Grant income	\$ 211,252	\$ 27,498
Interest income	7,552	4,669
Other income	500	952
Total Operating Revenues	<u>219,304</u>	<u>33,119</u>
Operating Expenses		
Professional fees	8,121	8,338
Bank charges	61	109
Insurance	2,500	2,480
Website	200	62
Office expenses	367	460
Advertising	-	49
Miscellaneous	3	-
Total Operating Expenses	<u>11,252</u>	<u>11,498</u>
Change in Net Assets	208,052	21,621
Net Assets, Beginning of Year	<u>130,577</u>	<u>108,956</u>
Net Assets, End of Year	<u>\$ 338,629</u>	<u>\$ 130,577</u>

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 208,052	\$ 21,621
Adjustments to reconcile change in net assets to to net cash provided (used) by operating activities		
(Increase) decrease in assets:		
Interest receivable	39	(124)
Prepaid expense	15	(5)
Increase (decrease) in liabilities:		
Accounts payable	(614)	529
Refundable advance	(211,252)	(27,498)
Net Cash Provided (Used) by Operating Activities	<u>(3,760)</u>	<u>(5,477)</u>
Cash Flows From Investing Activities		
Issuance of loans receivable	(200,000)	(17,832)
Proceeds from loans receivable	34,302	14,775
Net Cash Provided (Used) by Investing Activities	<u>(165,698)</u>	<u>(3,057)</u>
Net Increase (Decrease) in Cash	(169,458)	(8,534)
Cash, Beginning of Year	<u>430,279</u>	<u>438,813</u>
Cash, End of Year	<u>\$ 260,821</u>	<u>\$ 430,279</u>

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2016 and 2015**

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 proceeds 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.

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, 2016 and 2015.

Prepaid Expenses

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

**The Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. 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 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 Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2016 and 2015**

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 2016 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 2013, 2014, and 2015 are subject to examination by tax authorities, generally three years after they were filed.

3. LOANS RECEIVABLE

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

Expected repayments on the loans receivable at December 31, 2016 are as follows:

2017	\$	49,499
2018		50,588
2019		48,362
2020		42,690
2021		<u>77,523</u>
Total		268,662
Less current portion		<u>49,499</u>
Loans receivable, net of current portion	\$	<u><u>219,163</u></u>

4. 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 Town of Glenville Local Development
Corporation, Schenectady County, New York
Notes to Financial Statements
December 31, 2016 and 2015**

4. REFUNDABLE ADVANCE

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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Refundable advance, beginning of year	\$ 403,381	\$ 430,879
Grant awards received	-	-
Grant expenditures	<u>(211,252)</u>	<u>(27,498)</u>
Refundable advance, end of year	<u>\$ 192,129</u>	<u>\$ 403,381</u>

5. FUNCTIONAL EXPENSES

Functional expenses related to the services provided by the Organization are as follows for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Program services	\$ 36	\$ 1,096
Fundraising	-	-
Administration	<u>11,216</u>	<u>10,402</u>
Total Expenses	<u>\$ 11,252</u>	<u>\$ 11,498</u>

6. CONTINGENCIES

For the years ended December 31, 2016 and 2015, 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.

7. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 30, 2017, 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, 2016, and the related statement 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 30, 2017.

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 30, 2017

