

SENECA COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NEW YORK
FINANCIAL STATEMENTS
For Years Ended December 31, 2010 and 2009

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
<u>Statement 1</u> - Statement of Financial Position	2
<u>Statement 2</u> - Statement of Activities	3
<u>Statement 3</u> - Statement of Cash Flows	4
Notes to Financial Statements	5 - 8
Supplemental	
<u>Schedule 1</u> - Schedule of Investments	9
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	10 - 11

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
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Members of
American Institute of
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and
New York State Society of
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Seneca County Economic Development Corporation

We have audited the accompanying statement of financial position of the Seneca County Economic Development Corporation, New York as of December 31, 2010 and 2009, and the related statement of activities and statement of cash flows for the years then ended. These financial statements are the responsibility of the Seneca County Economic Development Corporation. 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 the Seneca County Economic Development Corporation as of December 31, 2010 and 2009, 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 March 2, 2011 on our consideration of the Seneca County Economic Development Corporation, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's financial statements. The accompanying supplemental schedule of investments is presented for purposes of additional analysis and is not a required part of the financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



March 2, 2011

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION

NEW YORK

Statement of Financial Position

December 31, 2010 and 2009

<u>ASSETS:</u>	<u>2010</u>	<u>2009</u>
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 248,286	\$ 204,988
Accounts receivable	5,413	10,019
Due from other governments	-	140,579
Total Current Assets	\$ 253,699	\$ 355,586
<u>Other Assets -</u>		
Due from other governments	\$ -	\$ 275,000
Total Other Assets	\$ -	\$ 275,000
TOTAL ASSETS	\$ 253,699	\$ 630,586
<u>LIABILITIES:</u>		
<u>Current Liabilities</u>		
Due to other governments	\$ -	\$ 87,514
Other liabilities	-	67,441
Notes payable	100,000	375,000
Total Current Liabilities	\$ 100,000	\$ 529,955
TOTAL LIABILITIES	\$ 100,000	\$ 529,955
<u>NET ASSETS:</u>		
Unrestricted	\$ 153,699	\$ 100,631
TOTAL NET ASSETS	\$ 153,699	\$ 100,631
TOTAL LIABILITIES AND NET ASSETS	\$ 253,699	\$ 630,586

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION

NEW YORK

Statement of Activities

For Years Ended December 31, 2010 and 2009

<u>REVENUES:</u>	<u>2010</u>	<u>2009</u>
Rent income	\$ 83,838	\$ 108,342
Program income	16,408	119,516
State aid - Main Street	34,832	82,112
State aid - pass through grants	86,502	1,046,382
County support	-	2,171
TOTAL REVENUES	\$ 221,580	\$ 1,358,523
<u>EXPENSES:</u>		
<u>Management and General -</u>		
Benefits	\$ -	\$ 35
Professional fees - consulting	4,290	9,195
Legal costs	15,757	9,578
Payroll service	-	35
Total Management and General	\$ 20,047	\$ 18,843
<u>Program -</u>		
Insurance	\$ 10,915	\$ 4,221
Pass through grants	86,502	1,046,382
Main Street program	50,904	214,622
Miscellaneous	144	-
Total Program	\$ 148,465	\$ 1,265,225
TOTAL EXPENSES	\$ 168,512	\$ 1,284,068
Excess (deficiency) in unrestricted net assets	\$ 53,068	\$ 74,455
NET ASSETS - BEGINNING OF YEAR	100,631	26,176
NET ASSETS - END OF YEAR	\$ 153,699	\$ 100,631

(The accompanying notes are an integral part of these financial statements)

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION

NEW YORK

Statement of Cash Flows

For Years Ended December 31, 2010 and 2009

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2010</u>	<u>2009</u>
Increase (decrease) in net assets	\$ 53,068	\$ 74,455
<u>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</u>		
(Increase) decrease in operating assets -		
Accounts receivable	4,606	(10,019)
Due from other governments	140,579	(31,521)
Increase (decrease) in operating liabilities -		
Accounts payable	-	(6,650)
Due to other governments	(87,514)	-
Other liabilities	(67,441)	46,079
Net Cash Provided (Used) by Operating Activities	\$ 43,298	\$ 72,344
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 43,298	\$ 72,344
BEGINNING CASH AND CASH EQUIVALENTS	<u>204,988</u>	<u>132,644</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 248,286</u>	<u>\$ 204,988</u>

**SENECA COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

(Note 1) Summary of Significant Accounting Policies:

The financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned. Expenditures are recognized when materials or services are received.

A. Organization

The Seneca County Economic Development Corporation, New York (SCEDC) was reincorporated as a nonprofit local development corporation on August 31, 2000. The purposes for which the SCEDC is to be formed and operated, are exclusively for charitable purposes within the meaning of Section 501(c) (3) of the Internal Revenue Code, to relieve and reduce unemployment, promote and provide for additional and maximum employment, to better and maintain job opportunities, lessen the burdens of government and act in the public interest.

B. Basis of Presentation

The Seneca County Economic Development Corporation, New York financials conform with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Seneca County Economic Development Corporation, New York 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 Seneca County Economic Development Corporation, New York is required to present a Statement of Cash Flows. The SCEDC has no temporarily or permanently restricted net assets at December 31, 2010.

C. Cash

Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value. For purposes of presenting the statement of cash flows, the Corporation considers all highly liquid short-term investments with maturities of three months or less from the date of purchase to be cash or cash equivalents.

D. Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position since events could potentially occur that jeopardize tax-exempt status. Management is not aware of any events that could jeopardize the Corporation's tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

E. Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on the functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(Note 1) (Continued)

F. 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 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.

G. Revenues

The Corporation is responsible to administrate the Seneca Falls Main Street Program which is a grant received from the NYS Housing Trust Fund Corporation totaling \$200,000.

The Corporation receives grants from New York State for various economic development programs in Seneca County. These grants are received by the Seneca County Economic Development Corporation then passed through to other organizations once the conditions of the grants are met.

The Corporation receives rental income from Finger Lakes Rail Company for storage of cars on the Depot property.

(Note 2)

Detail Notes on All Funds and Account Groups:

A. Assets

1. Cash and Investments

The Corporation's investment policies are governed by state statutes. The Corporation's monies must be deposited in FDIC insured commercial banks or trust companies located within the state.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity. The Statement of Cash Flows uses the indirect method of reporting cash flows.

Deposits at year-end were entirely covered by federal depository insurance. The investments are not currently insured or collateralized. Deposits and investments consisted of:

Deposits - All deposits including certificates of deposit are carried at cost and covered by FDIC insurance.

Bank Balance	Carrying Amount	
\$ 248,286	\$ 248,286	Insured FDIC

(Note 3) Accounts Receivable:

Accounts receivable represent the rail storage rental due to the EDC as of December 31 as follows:

	<u>2010</u>	<u>2009</u>
Finger Lakes Rail	\$ 5,413	\$ 10,019
Total Accounts Receivable	<u>\$ 5,413</u>	<u>\$ 10,019</u>

(Note 4) Due From Other Governments:

The note receivable represents an amount due from the Seneca County Industrial Development Agency, for \$275,000 that was funded into a "Debt Service Reserve Fund" by the SCIDA to collateralize a note payable owed by the Seneca County Industrial Development Agency to a bank. The proceeds from the note were used to construct a sewer line on Route 414 in the Town of Seneca Falls.

As of December 31, the SCEDC had the following:

	<u>2010</u>	<u>2009</u>
Note Receivable from SCIDA	\$ -	\$ 275,000
Seneca County	-	87,514
NYS - Main Street Grant	-	53,065
Total	<u>\$ -</u>	<u>\$ 415,579</u>

(Note 5) Notes Payable:

The \$100,000 note payable due to the Town of Seneca Falls is due and payable upon the completion of the Main Street Program.

(Note 6) Related Party:

Representation on the Board of Directors of the SCEDC consists of a certain board member of the Seneca County Industrial Development Agency, Inc. (SCIDA).

The Seneca County IDA performs the bookkeeping function for the SCEDC.

(Note 7) License/Lease Agreements:

- A. License agreement dated July 25, 2010 between SCEDC and Curtis Morin for the rental of land for the purpose of cultivating plant crops. The terms of the agreement will be renewable on an annual basis with a fee totaling \$300.
- B. License agreement dated September 15, 2010 between SCEDC and Donald Reinshagen for the rental of land for the purpose of cultivating plant crops. The terms of the agreement will be renewable on an annual basis with a fee totaling \$300.
- C. License agreement dated August 7, 2010 between SCEDC and Aaron Covert for the rental of land for the purpose of cultivating plant crops. The terms of the agreement will be renewable on an annual basis with a fee totaling \$300.

(Note 7) (Continued)

- D.** On July 22, 2010 the Agency entered into a license agreement with the New York State Police with regard to the Airfield Area known as the “New York State Police and Emergency Services Training Building” and shall expire automatically upon the effective date of a sub-lease, but in no event more than three years.
- E.** Lease Agreement between the SCIDA and SCEDC for the leasing of land (including logging and mineral rights) commonly known as the “conservation area” and the existing improvements located thereon, consisting principally of approximately sixty-four (64) buildings and/or structures, 506 storage igloos, roadways, fencing and utilities. The lease shall terminate at 11:59 p.m. on December 31, 2035 unless mutually agreed to by the parties. The annual amount of the lease shall be one dollar.
- F.** Lease agreement between the SCEDC and Finger Lakes Rail for the use of 19.36 miles of track for the purpose of sorting and refurbishing rail cars. The fee shall be calculated at \$0.30 per car per day for 0-800 rail cars and \$0.35 per car per day in excess of 801. The lease shall expire December 1, 2014.

(Note 8)

Commitment and Contingencies:

A. Litigation

The Agency has been named as a defendant in an action pending in Supreme Court, County of Seneca. The litigation claims that the SCEDC had failed to satisfy its obligations under a consulting agreement. Any potential exposure cannot be estimated at this time.

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION

NEW YORK

Schedule of Investments

For Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 248,286	\$ 204,988
Total Investments	\$ 248,286	\$ 204,988

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**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
Seneca County Economic Development Corporation

We have audited the financial statements of the Seneca County Economic Development Corporation as of and for the year ended December 31, 2010, and have issued our report thereon dated March 2, 2011. 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 the Seneca County Economic Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis.

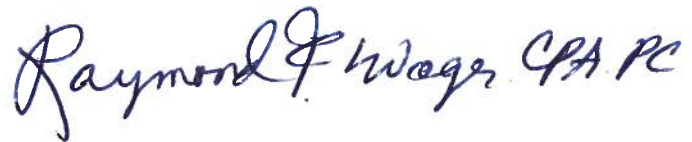
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 the Seneca County Economic Development Corporation's financial statements are free of 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*.

We noted certain matters that we reported to the management of the Seneca County Economic Development Corporation in a separate letter dated March 2, 2011.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and the Federal Awarding Agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Raymond F. Wager, CPA PC". The signature is written in a cursive style.

March 2, 2011