

***SENECA FALLS DEVELOPMENT CORPORATION***

**FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

# ***SENECA FALLS DEVELOPMENT CORPORATION***

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Seneca Falls Development Corporation

We have audited the accompanying financial statements of Seneca Falls Development Corporation which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, 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 fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' 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 from 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 auditors' 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**

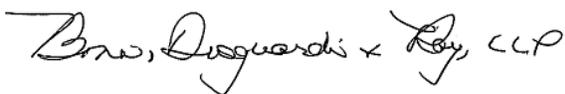
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seneca Falls Development Corporation as of December 31, 2013 and 2012, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Prior Period Adjustment**

As discussed in Note 2 to the financial statements, certain errors resulting in an overstatement of current liabilities previously reported as of December 31, 2012 were discovered by management of the Corporation during the current year. Accordingly, amounts reported for current liabilities have been restated in the December 31, 2012 financial statements now presented. Our opinion was not modified with respect to that matter.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2014, on our consideration of Seneca Falls Development Corporation'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 Seneca Falls Development Corporation's internal control over financial reporting and compliance.



Rochester, New York  
March 5, 2014

# **SENECA FALLS DEVELOPMENT CORPORATION**

## **STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2013 AND 2012

### **ASSETS**

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 71,898	\$ 62,403
Government contracts receivable	0	10,000
Employee receivable	0	300
Prepaid expenses	<u>2,809</u>	<u>0</u>
Total current assets	<u>\$ 74,707</u>	<u>\$ 72,703</u>

### **LIABILITIES AND NET ASSETS**

	<u>2013</u>	<u>2012</u>
Current liabilities		
Accounts payable	\$ 1,627	\$ 70
Net assets		
Unrestricted net assets	<u>73,080</u>	<u>72,633</u>
	<u>\$ 74,707</u>	<u>\$ 72,703</u>

See accompanying notes and independent auditors' report.

# SENECA FALLS DEVELOPMENT CORPORATION

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Support and revenue		
Government contracts	\$ 10,000	\$ 10,000
Program revenue	0	913
Interest	1,164	1,537
In-kind services	11,400	13,157
Other income	0	177
	<u>22,564</u>	<u>25,784</u>
Total support and revenue		
	<u>22,564</u>	<u>25,784</u>
Expenses		
Program services	14,348	18,897
General and administrative	7,769	10,707
	<u>22,117</u>	<u>29,604</u>
Total expenses		
	<u>22,117</u>	<u>29,604</u>
Increase (decrease) in net assets	<u>447</u>	<u>(3,820)</u>
Net assets - beginning, as previously reported	72,633	74,453
Prior period adjustment	0	2,000
	<u>72,633</u>	<u>76,453</u>
Net assets - beginning, restated		
	<u>72,633</u>	<u>76,453</u>
Net assets - ending	<u><u>\$ 73,080</u></u>	<u><u>\$ 72,633</u></u>

See accompanying notes and independent auditors' report.

**SENECA FALLS DEVELOPMENT CORPORATION**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			2012		
	Program Services	General and Administrative	Total	Program Services	General and Administrative	Total
Salaries	\$ 2,904	\$ 0	\$ 2,904	\$ 3,000	\$ 0	\$ 3,000
Payroll taxes	572	0	572	681	0	681
	3,476	0	3,476	3,681	0	3,681
Dues and subscriptions	0	0	0	250	0	250
Event costs	0	0	0	614	0	614
Grants	0	0	0	500	0	500
Insurance	508	419	927	1,975	658	2,633
Legal and professional	0	4,500	4,500	0	6,760	6,760
Miscellaneous	244	0	244	0	0	0
Occupancy	8,550	2,850	11,400	9,868	3,289	13,157
Office Expense	0	0	0	45	0	45
Payroll preparation	905	0	905	1,394	0	1,394
Publicity	665	0	665	570	0	570
Total functional expenses	\$ 14,348	\$ 7,769	\$ 22,117	\$ 18,897	\$ 10,707	\$ 29,604

See accompanying notes and independent auditors' report.

# ***SENECA FALLS DEVELOPMENT CORPORATION***

## **STATEMENT OF CASH FLOWS** FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 447	\$ (3,820)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents provided (used) by operating activities:		
(Increase) decrease in:		
Government contracts receivable	10,000	(10,000)
Employee receivable	300	(300)
Prepaid expenses	(2,809)	0
Increase (decrease) in:		
Accounts payable	<u>1,557</u>	<u>(6,865)</u>
Net cash and cash equivalents provided (used) by operating activities	9,495	(20,985)
Cash and cash equivalents - beginning	<u>62,403</u>	<u>83,388</u>
Cash and cash equivalents - ending	<u>\$ 71,898</u>	<u>\$ 62,403</u>

See accompanying notes and independent auditors' report.

# ***SENECA FALLS DEVELOPMENT CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2013 AND 2012

### **NOTE 1: NATURE OF ACTIVITIES**

The Seneca Falls Development Corporation (the Corporation) was formed on May 21, 2007 pursuant to Sections 402 and 141 of the Not-For-Profit Corporation Laws of the State of New York. Its purpose is to provide planning and implementation of programs, projects and activities designed to create or stimulate economic development in the Town of Seneca Falls, New York.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting - The financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Cash and Cash Equivalents - The Corporation considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Financial Statement Presentation - The Corporation has adopted FASB ASC 958, "*Financial Statements of Not-for-Profit Organizations.*" Under FASB ASC 958, the Corporation 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. The Corporation has only unrestricted net assets for the years ended December 31, 2013 and 2012.

Unrestricted Net Assets - Unrestricted net assets represent contributions or other revenue received by the Corporation for the purpose of carrying out normal operations. Also included in unrestricted net assets are contributions and other revenue, which the donor has designated for a specific purpose that has been met in the same reporting period as the donation was received.

Contributions - The Corporation has adopted FASB ASC 958-605-25 "*Not-For-Profit Entities - Accounting for Contributions Received.*" Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions and are recognized when the donor makes a pledge to the Corporation, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal 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 restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes - The Corporation has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. As a result, the Corporation is not subject to federal or New York State income taxes on revenue generated from its not-for-profit activities.

The Corporation files income tax returns in the U.S. federal and New York State jurisdictions. The Corporation is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2010.

See independent auditors' report.

# ***SENECA FALLS DEVELOPMENT CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2013 AND 2012

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Corporation follows the provisions of uncertain tax positions as addressed in FASB ASC 740-10-65-1. The Corporation recognized no increase in the liability for unrecognized tax benefits. The Corporation has no tax position at December 31, 2013 and 2012 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Corporation recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Corporation had no accruals for interest and penalties at December 31, 2013 and 2012.

Functional Allocation of Expenses - The costs of providing the various program and activities have been summarized in the statements of functional expenses and have been allocated among the programs and supporting services benefited.

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 effect 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.

Subsequent Events - In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition and disclosure through March 5, 2014, the date the financial statements were available to be issued.

### **NOTE 3: PRIOR PERIOD ADJUSTMENT**

As a result of an internal review of the Corporation's financial statements during 2013, the Corporation discovered that certain amounts were incorrectly included in accounts payable. The error in accounting resulted in differences in previously issued financial statements for the year ended December 31, 2012, sufficient to require restatement.

The Corporation decreased its accounts payable by \$2,000 as of January 1, 2012 for the cumulative effect of the error preceding January 1, 2012, and restated its balance sheet as of December 31, 2012. The effect of the restatement for the year ended December 31, 2012 was a decrease to current liabilities and an increase to unrestricted net assets by \$2,000. Based upon management's review, it has determined that these errors were inadvertent and unintentional.

See independent auditors' report.

# SENECA FALLS DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

### NOTE 3: PRIOR PERIOD ADJUSTMENT (CONTINUED)

The following sets forth the previously reported and restated amounts of selected items within the balance sheet as of December 31, 2012:

	<u>2012</u>
Accounts payable:	
As previously reported	\$ 2,070
As restated	70
Unrestricted net assets:	
As previously reported	70,633
As restated	72,633

### NOTE 4: IN-KIND SERVICES

The Corporation receives various materials and services as in-kind revenue from the Town of Seneca Falls, New York. The total value is reported as in-kind services. The corresponding expenses are also reported in the statement of activities and changes in net assets. Components are as follows:

	<u>2013</u>	<u>2012</u>
Custodial services	\$ 0	\$ 557
Rent	9,000	9,000
Utilities	<u>2,400</u>	<u>3,600</u>
Total in-kind services	<u>\$ 11,400</u>	<u>\$ 13,157</u>

### NOTE 5: CONTINGENCIES

The Corporation receives a substantial amount of its support from state and local governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Corporation's programs and activities.

Government contracts require fulfillment of certain conditions as set forth in the contract. Failure to fulfill the conditions could result in the return of funds.

### NOTE 6: DONATED SERVICES

The Corporation receives donated services from a variety of unpaid volunteers assisting at programs and events. No amounts have been recognized in the accompanying statement of activities and changes in net assets for volunteer services in as much as there is no objective basis available to measure their value.

See independent auditors' report.

# ***SENECA FALLS DEVELOPMENT CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2013 AND 2012

### **NOTE 7: CONCENTRATION OF CREDIT RISK**

The Corporation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Corporation places its cash and temporary cash investments with high credit quality institutions. At times such investments may be in excess of the FDIC insurance limit. As of December 31, 2013 and 2012, the Corporation's cash balances were fully insured.

See independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Seneca Falls Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Seneca Falls Development Corporation, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated March 5, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Seneca Falls Development Corporation'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 Seneca Falls Development Corporation's internal controls. Accordingly, we do not express an opinion on the effectiveness of Seneca Falls Development Corporation'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 statement 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 Seneca Falls Development Corporation'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 entity's internal control or compliance. This report is an integral part of an audit performed with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Brian, Duguid & Roy, LLP".

Rochester, New York  
March 5, 2014