

SENECA FALLS DEVELOPMENT CORPORATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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, 2018 and 2017, 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 preparation and 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 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 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' judgement, including the assessment of the risks of material misstatements, 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, 2018 and 2017, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, 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.

M. Empey, CPA PLLC

Rochester, New York
March 26, 2019

SENECA FALLS DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets		
Cash and cash equivalents	\$ 121,390	\$ 132,622
Grant receivable	7,726	0
Prepaid expenses	<u>776</u>	<u>753</u>
Total current assets	<u>\$ 129,892</u>	<u>\$ 133,375</u>

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
Current liabilities		
Accounts payable	<u>\$ 800</u>	<u>\$ 0</u>
Net assets		
Without donor restrictions	126,092	133,375
With donor restrictions	<u>3,000</u>	<u>0</u>
Total net assets	<u>129,092</u>	<u>133,375</u>
	<u>\$ 129,892</u>	<u>\$ 133,375</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, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Government contracts	\$ 55,560	\$ 0	\$ 55,560	\$ 55,000	\$ 0	\$ 55,000
Government grants	13,566	0	13,566	0	0	0
Contributions	0	3,000	3,000	0	0	0
Program revenue	2,261	0	2,261	3,080	0	3,080
Interest	707	0	707	617	0	617
Total support and revenue	<u>72,094</u>	<u>3,000</u>	<u>75,094</u>	<u>58,697</u>	<u>0</u>	<u>58,697</u>
Functional expenses						
Program services	18,567	0	18,567	6,302	0	6,302
General and administrative	60,810	0	60,810	56,495	0	56,495
Total expenses	<u>79,377</u>	<u>0</u>	<u>79,377</u>	<u>62,797</u>	<u>0</u>	<u>62,797</u>
Increase (decrease) in net assets	(7,283)	3,000	(4,283)	(4,100)	0	(4,100)
Net assets - beginning	<u>133,375</u>	<u>0</u>	<u>133,375</u>	<u>137,475</u>	<u>0</u>	<u>137,475</u>
Net assets - ending	<u>\$ 126,092</u>	<u>\$ 3,000</u>	<u>\$ 129,092</u>	<u>\$ 133,375</u>	<u>\$ 0</u>	<u>\$ 133,375</u>

See accompanying notes and independent auditors' report.

SENECA FALLS DEVELOPMENT CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Program Services	General and Administrative	Total	Program Services	General and Administrative	Total
Contractual services	\$ 3,710	\$ 55,931	\$ 59,641	\$ 3,600	\$ 52,000	\$ 55,600
Grant expenses	12,509	0	12,509	0	967	967
Insurance	253	1,054	1,307	299	3,200	3,499
Legal and professional	0	3,000	3,000	0	80	80
Miscellaneous	210	337	547	0	0	0
Office expense	0	0	0	0	248	248
Publicity	1,885	488	2,373	2,403	0	2,403
Total functional expenses	<u>\$ 18,567</u>	<u>\$ 60,810</u>	<u>\$ 79,377</u>	<u>\$ 6,302</u>	<u>\$ 56,495</u>	<u>\$ 62,797</u>

See accompanying notes and independent auditors' report.

SENECA FALLS DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (4,283)	\$ (4,100)
Adjustments to reconcile decrease in net assets to net cash and cash equivalents used by operating activities		
(Increase) decrease in:		
Grant receivable	(7,726)	0
Prepaid expenses	(23)	(65)
Increase (decrease) in:		
Accounts payable	<u>800</u>	<u>0</u>
Net cash and cash equivalents used by operating activities	(11,232)	(4,165)
Cash and cash equivalents - beginning	<u>132,622</u>	<u>136,787</u>
Cash and cash equivalents - ending	<u>\$ 121,390</u>	<u>\$ 132,622</u>

See accompanying notes and independent auditors' report.

SENECA FALLS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 1: NATURE OF ACTIVITIES

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 financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018. Under the provisions of the Guide, net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Corporation and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. The Board of Directors has discretionary control over these resources to carry out the operations of the Corporation.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time.

Contributions - Contributions are recognized as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated funds. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

See independent auditors' report

SENECA FALLS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2015.

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, 2018 and 2017, 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, 2018 and 2017.

New Accounting Pronouncement - On August 18, 2016, FASB issued ASU 2016-14, "*Not for Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities.*" The update addresses the complexity and understandability of the net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of these financial statements accordingly.

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 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.

Subsequent Events - In preparing these financial statements, The Corporation has evaluated events and transactions for potential recognition and disclosure through March 26, 2019, the date the financial statements were available to be issued.

See independent auditors' report.

SENECA FALLS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 3: LIQUIDITY

The following reflects the Corporation's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of the balance sheet date because of donor imposed restrictions:

Cash and cash equivalents	\$ 121,390
Grants receivable	7,726
Prepaid expenses	<u>776</u>
	129,892
Less: assets unavailable due to donor restrictions	<u>3,000</u>
	<u>\$ 126,892</u>

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4: CONTINGENCIES

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

NOTE 5: 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 statements of activities and changes in net assets for volunteer services in as much as there is no objective basis available to measure their value.

NOTE 6: CONCENTRATIONS 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, 2018 and 2017, the Corporation's cash balances were fully insured.

See independent auditors' report.



INDEPENDENT AUDITORS' REPORT ON INTERANL 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, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated March 26, 2019.

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 control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employee, 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 provision 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.

M. Empey, CPA PLLC

Rochester, New York
March 26, 2019