



Buffington & Hoatland CPAs

A Professional Limited Liability Company

To the Board of Directors
Auburn Local Development Corporation
Auburn, NY 13021

In planning and performing our audit of the financial statements of Auburn Local Development Corporation for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Auburn Local Development Corporation's internal control over financial reporting (internal control) 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 Organization'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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, Auburn Local Development Corporation, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Buffington & Hoatland CPAs, PLLC

Buffington & Hoatland CPAs, PLLC
Auburn, New York
March 22, 2016



Buffington & Hoatland CPAs

A Professional Limited Liability Company

March 22, 2016

To the Board of Directors
Auburn Local Development Corporation

We have audited the financial statements of Auburn Local Development Corporation for the year ended December 31, 2015, and have issued our report thereon dated March 22, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 20, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Auburn Local Development Corporation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management: audit entries not recorded from prior year.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 22, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have issued a report as required under SAS 115 to the Board of Directors. The purpose of this report is to discuss control deficiencies noted during the audit

Other Information in Documents Containing Audited Financial Statements

This information is intended solely for the use of Board of Directors and management of Auburn Local Development Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Buffington & Hoatland CPAs PLLC

Buffington & Hoatland CPAs, PLLC
Auburn, New York
March 22, 2016

Auburn Local Development Corporation

Financial Report

December 31, 2015 and 2014

Auburn Local Development Corporation

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Buffington & Hoatland CPAs

A Professional Limited Liability Company

Independent Auditor's Report

To the Board of Directors
Auburn Local Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Auburn Local Development Corporation as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Auburn Local Development Corporation basic financial statements as listed in the table of contents.

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 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 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, Auburn Local Development Corporation as of December 31, 2015 and 2014, and the respective changes in financial position and where applicable, cash flows thereof for the year 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 22, 2016 on our consideration of Auburn Local Development Corporation 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 Auburn Local Development Corporation internal control over financial reporting and compliance.

Buffington & Hoatland CPAs, PLLC

Buffington & Hoatland CPAs, PLLC
Auburn, New York
March 22, 2016

Auburn Local Development Corporation

Statements of Financial Position

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash	<u>\$ 20,971</u>	<u>\$ 48,080</u>
Total Assets	<u><u>\$ 20,971</u></u>	<u><u>\$ 48,080</u></u>
Liabilities and Unrestricted Net Assets		
Current Liabilities		
Accounts payable	\$ 2,750	\$ 20,000
Unrestricted Net Assets	<u>18,221</u>	<u>28,080</u>
Total Liabilities and Unrestricted Net Assets	<u><u>\$ 20,971</u></u>	<u><u>\$ 48,080</u></u>

See notes to financial statements.

Auburn Local Development Corporation

Statements of Activities

Years Ended December 31, 2015 and 2014

	2015	2014
Revenues		
Rental income	\$ -	\$ 42,281
Program income	-	20,000
Other income	-	2,054
Interest income	3	3
Total Revenues	3	64,338
Operating Expenses		
Program expense	-	20,000
Insurance	1,212	4,216
Professional services	8,650	5,800
Interest	-	316
Total Operating Expenses	9,862	30,332
Operating Income (Loss)	(9,859)	34,006
Loss on transfer of building	-	(408,288)
Depreciation and amortization	-	(9,330)
Changes in Unrestricted Net Assets	\$ (9,859)	\$ (383,612)

See notes to financial statements.

Auburn Local Development Corporation

Statements of Changes in Unrestricted Net Assts

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Unrestricted Net Assets - Beginning	\$ 28,080	\$ 411,692
Changes in unrestricted net assets	<u>(9,859)</u>	<u>(383,612)</u>
Unrestricted Net Assets - Ending	<u>\$ 18,221</u>	<u>\$ 28,080</u>

See notes to financial statements.

Auburn Local Development Corporation

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Changes in unrestricted net assets	\$ (9,859)	\$ (383,612)
Adjustments to reconcile changes in unrestricted net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	-	9,330
Loss on transfer of building	-	406,769
(Increase) decrease in assets:		
Accounts receivable	-	7,047
Increase (decrease) in liabilities:		
Accounts payable	<u>(17,250)</u>	<u>20,000</u>
Net Cash Provided (Used) by Operating Activities	(27,109)	59,534
Cash Flows From Financing Activities		
Principal repayments of notes payable	<u>-</u>	<u>(24,249)</u>
Net Increase (Decrease) in Cash	(27,109)	35,285
Cash - Beginning	<u>48,080</u>	<u>12,795</u>
Cash - Ending	<u><u>\$ 20,971</u></u>	<u><u>\$ 48,080</u></u>

See notes to financial statements.

Auburn Local Development Corporation

Notes to Financial Statements

December 31, 2015 and 2014

Note 1 - Nature of Operations

The Auburn Local Development Corporation (Corporation) was created to plan, promote, coordinate and execute programs in the City of Auburn, New York. The Corporation aims at improving the quality of life of its residents by developing new approaches and methods where necessary and proper, and to achieve certain educational, charitable objectives. The Corporation has a public purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, and improving and maintaining job opportunities within the City of Auburn. The Corporation achieves this purpose by training individuals to improve or develop their capabilities for such jobs. The Corporation carries on research for the purpose of aiding the City of Auburn by attracting new industry to the City of Auburn, by encouraging the development of, or retention of, an industry in the City of Auburn, lessening the burdens of government, acting in the public interest. The Corporation's major source of support is from rental income received from the lease of a building which was transferred during 2014.

Note 2 –Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC), *Presentation of Financial Statements of Not-for-Profit Organizations*. 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 as of December 31, 2015 and 2014.

Auburn Local Development Corporation

Notes to Financial Statements

December 31, 2015 and 2014

Note 2 - Summary of Accounting Policies (Continued)

Income Taxes

The Corporation is classified as a not-for profit organization under Section 501(c) 4 of the Internal Revenue Code. Therefore, it is exempt from federal and state income taxes.

The Financial Accounting Standards Board issued FASB Accounting Standards Codification (FASB ASC), *Accounting for Uncertainty in Income Taxes*. This requires the recognition and measurement of uncertain tax positions held by the Corporation. Under generally accepted accounting principles, the amount reported would be based on probability assessments of the likelihood that certain deductions would be disallowed upon examination because the taxing authorities interpreted existing guidance differently.

The Corporation recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision. For the years ended December 31, 2015 and 2014, there were no accrued interest or accrued penalties associated with uncertain tax positions for the Corporation.

Supplementary Disclosures – Statements of Cash Flow

The Corporation considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Corporation did not pay any income taxes for the years ended December 31, 2015 and 2014. Cash paid for interest was \$-0- and \$316 for years ended December 31, 2015 and 2014, respectively.

Note 3 - Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash.

Cash

The Corporation maintains cash balances at a financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 for 2015 and 2014. As of December 31, 2015 and 2014, the Corporation's cash balances did not exceed the federally insured limits.

Note 4 - Rental Income

The Corporation leased a building under a ten-year lease agreement, which began August 2004. The Corporation transferred the property to Cayuga Onondaga BOCES (BOCES) on March 21, 2014.

Note 5 – Subsequent Events

Management has evaluated subsequent events through March 22, 2016, the date for which the financial statements were available to be issued.



Buffington & Hoatland CPAs

A Professional Limited Liability Company

Independent Auditor's 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
Auburn Local Development Corporation

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Auburn Local Development Corporation, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Auburn Local Development Corporation basic financial statements, and have issued our report thereon dated March 22, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Auburn Local 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 Auburn Local Development Corporation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Auburn Local 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 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.

Buffington & Hoatland CPAs, PLLC

Buffington & Hoatland CPAs, PLLC
Auburn, New York
March 22, 2016