

Auburn Local Development Corporation

Financial Report

December 31, 2016 and 2015

Auburn Local Development Corporation

Table of Contents

December 31, 2016 and 2015

	<u>Page No.</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Unrestricted Net Assets	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Other Reports and Schedules	
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 <i>Government Auditing Standards</i>	9
Schedule of Findings and Responses	11



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, 2016 and 2015, 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, 2016 and 2015, 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 28, 2017 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 28, 2017

Auburn Local Development Corporation

Statements of Financial Position

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash	<u>\$ 13,218</u>	<u>\$ 20,971</u>
Total Assets	<u><u>\$ 13,218</u></u>	<u><u>\$ 20,971</u></u>
Liabilities and Unrestricted Net Assets		
Current Liabilities		
Accounts payable	<u>\$ 2,500</u>	<u>\$ 2,750</u>
Unrestricted Net Assets	<u>10,718</u>	<u>18,221</u>
Total Liabilities and Unrestricted Net Assets	<u><u>\$ 13,218</u></u>	<u><u>\$ 20,971</u></u>

See notes to financial statements.

Auburn Local Development Corporation

Statements of Activities

Years Ended December 31, 2016 and 2015

	2016	2015
Revenues		
Interest income	\$ 2	\$ 3
Operating Expenses		
Insurance	1,055	1,212
Professional services	6,450	8,650
Total Operating Expenses	7,505	9,862
Changes in Unrestricted Net Assets	\$ (7,503)	\$ (9,859)

See notes to financial statements.

Auburn Local Development Corporation

Statements of Changes in Unrestricted Net Assets

Years Ended December 31, 2016 and 2015

	2016	2015
Unrestricted Net Assets - Beginning	\$ 18,221	\$ 28,080
Changes in unrestricted net assets	(7,503)	(9,859)
Unrestricted Net Assets - Ending	<u>\$ 10,718</u>	<u>\$ 18,221</u>

See notes to financial statements.

Auburn Local Development Corporation

Statements of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Changes in unrestricted net assets	\$ (7,503)	\$ (9,859)
Adjustments to reconcile changes in unrestricted net assets to net cash used in operating activities:		
Increase (decrease) in liabilities:		
Accounts payable	<u>(250)</u>	<u>(17,250)</u>
Net Cash Used in Operating Activities	<u>(7,753)</u>	<u>(27,109)</u>
Cash - Beginning	<u>20,971</u>	<u>48,080</u>
Cash - Ending	<u><u>\$ 13,218</u></u>	<u><u>\$ 20,971</u></u>

See notes to financial statements.

Auburn Local Development Corporation

Notes to Financial Statements

December 31, 2016 and 2015

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.

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, 2016 and 2015.

Auburn Local Development Corporation

Notes to Financial Statements

December 31, 2016 and 2015

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, 2016 and 2015, 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, 2016 and 2015. Cash paid for interest was \$-0- for years ended December 31, 2016 and 2015.

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 2016 and 2015. As of December 31, 2016 and 2015, the Corporation's cash balances did not exceed the federally insured limits.

Note 4 - Subsequent Events

Management has evaluated subsequent events through March 28, 2017, 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, 2016 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 28, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses.
[2016-001].

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 did not disclose instances of noncompliance or other matters that are required to be reported *under Government Auditing Standards*.

Auburn Local Development Corporation's Response to Findings

Auburn Local Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Auburn Local Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

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 28, 2017

Auburn Local Development Corporation

Schedule of Findings and Responses

December 31, 2016

I. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of ***Auburn Local Development Corporation***.
2. One material weakness relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "*Governmental Auditing Standards*".
3. There were no instances of noncompliance material to the financial statements of ***Auburn Local Development Corporation*** reported in the 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*".

II. FINANCIAL STATEMENTS AUDIT – FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended December 31, 2016

2016-001 Financial Reporting

Condition and criteria: During our audit testing for accounts payable, we noted an invoice that should have been included in accounts payable and as a 2016 expense was not recorded.

Effect: The effect is that the Corporation understated accounts payable and professional expenses for the year ended December 31, 2016.

Auditor's Recommendations: We believe it is extremely important that proper internal control procedures be established and followed for the recording and processing of all invoices. The general ledger and statements should also be reviewed for completeness.

Corporation's Response: The Corporation will review their internal control procedures and will ensure that existing reconciliation procedures are being performed in an appropriate time frame.