

***Auburn Local Development Corporation***

**Financial Report**

**December 31, 2018 and 2017**

# ***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, 2018 and 2017, 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, 2018 and 2017, 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 April 22, 2019 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.

## **Substantial Doubt about the Organization's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 6 to the financial statements, the Organization has suffered recurring reductions in grant revenues, has a net deficiency in net assets, and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

*Buffington & Hoatland CPAs, PLLC*

Buffington & Hoatland CPAs, PLLC  
Auburn, New York  
April 22, 2019

# ***Auburn Local Development Corporation***

## **Statements of Financial Position**

**December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,127	\$ 5,855
<b>Total Assets</b>	<u>\$ 1,127</u>	<u>\$ 5,855</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 5,000	\$ 2,500
<b>Net Assets without Donor Restrictions</b>	<u>(3,873)</u>	<u>3,355</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,127</u>	<u>\$ 5,855</u>

*See notes to financial statements.*

# ***Auburn Local Development Corporation***

## **Statements of Activities**

**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Interest income	\$ 1	\$ 1
<b>Operating Expenses</b>		
Program	1,083	851
Management & general	<u>6,146</u>	<u>6,513</u>
<b>Total Operating Expenses</b>	<u>7,229</u>	<u>7,364</u>
<b>Changes in Net Assets without Donor Restrictions</b>	<u>\$ (7,228)</u>	<u>\$ (7,363)</u>

*See notes to financial statements.*

# ***Auburn Local Development Corporation***

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## **Statements of Changes in Net Assets** **Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Net Assets without Donor Restrictions- Beginning</b>	\$ 3,355	\$ 10,718
Changes in net asset without donor restrictions	<u>(7,228)</u>	<u>(7,363)</u>
<b>Net Assets without Donor Restrictions - Ending</b>	<u>\$ (3,873)</u>	<u>\$ 3,355</u>

*See notes to financial statements.*

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# ***Auburn Local Development Corporation***

## **Statements of Functional Expenses**

**Years Ended December 31, 2018 and 2017**

	<b>Year Ended December 31, 2018</b>		
	<b>Program</b>	<b>Management and General</b>	<b>Total</b>
Insurance	\$ 863	\$ 216	\$ 1,079
Professional fees	-	5,875	5,875
Dues and subscriptions	220	55	275
<b>Total Functional Expenses</b>	<b>\$ 1,083</b>	<b>\$ 6,146</b>	<b>\$ 7,229</b>

*See notes to financial statements.*



**Year Ended December 31, 2017**

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Insurance	\$ 851	\$ 213	\$ 1,064
Professional fees	-	6,300	6,300
Dues and subscriptions	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 851</b>	<b>\$ 6,513</b>	<b>\$ 7,364</b>

# ***Auburn Local Development Corporation***

## **Statements of Cash Flows**

**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets without donor restrictions	\$ (7,228)	\$ (7,363)
Adjustments to reconcile changes in net assets without donor restrictions to net cash used in operating activities:		
Increase (decrease) in liabilities:		
Accounts payable	<u>2,500</u>	<u>-</u>
<b>Net Cash Used in Operating Activities</b>	<b>(4,728)</b>	<b>(7,363)</b>
<b>Cash - Beginning</b>	<u>5,855</u>	<u>13,218</u>
<b>Cash - Ending</b>	<u><u>\$ 1,127</u></u>	<u><u>\$ 5,855</u></u>

*See notes to financial statements.*

# ***Auburn Local Development Corporation***

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## **Notes to Financial Statements December 31, 2018 and 2017**

### **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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Corporation has only net assets without donor restrictions as of December 31, 2018 and 2017.

#### **Functional Expenses**

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are insurance, professional fees and dues, which are allocated based on usage studies conducted annually.

# ***Auburn Local Development Corporation***

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## **Notes to Financial Statements**

**December 31, 2018 and 2017**

### **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, 2018 and 2017, 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, 2018 and 2017. Cash paid for interest was \$-0- for years ended December 31, 2018 and 2017.

### **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 2018 and 2017. As of December 31, 2018 and 2017, the Corporation's cash balances did not exceed the federally insured limits.

### **Note 4 – Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

# ***Auburn Local Development Corporation***

## **Notes to Financial Statements December 31, 2018 and 2017**

### **Note 4 – Liquidity and Availability of Financial Assets (Continued)**

Cash and cash equivalents	<u>\$ 1,127</u>
<b>Total Financial Assets</b>	<u><b>\$ 1,127</b></u>
Financial assets, at year end	\$ 1,127
Less those available for general expenditures within one year, due to:	
Subject to appropriations	<u>                    -</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<u><b>\$ 1,127</b></u>

As discussed in Note 6, the Organization has applied for a change in their IRS status that will allow them to take on other projects with the intent to increase revenue for which there is a potential project that would generate revenue to sustain the Corporation. A service provider of the Corporation has agreed to delay payment for service as plans are reviewed and implemented.

### **Note 5 – New Accounting Pronouncement**

On August 18, 2016, the FASB issued ASU 2016-14, *Not for Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Effective for annual financial statements for years beginning after December 15, 2017. Auburn Local Development Corporation has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of Auburn Local Development Corporation’s financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class had been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 4).

The changes have the following effect on net assets at December 31, 2018:

	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrealized net assets	\$ (3,873)	\$ -
Net assets without donor restrictions	<u>                    -</u>	<u>          (3,873)</u>
<b>Total Net Assets</b>	<u><b>\$ (3,873)</b></u>	<u><b>\$ (3,873)</b></u>

# ***Auburn Local Development Corporation***

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## **Notes to Financial Statements December 31, 2018 and 2017**

### **Note 6 - Going Concern**

As shown in the accompanying financial statements, the Corporation incurred a net loss of \$7,228 during the year ended December 31, 2018, and averaged net losses over the last two years of \$7,000 annually. Those losses and the loss of revenue created an uncertainty about the Corporation's ability to continue as a going concern. The Board has had discussions on how to increase revenue for the Corporation. They have applied for a change in the IRS not for profit status, which would allow the Corporation to take on other projects with the intent to increase revenue for which there is a potential project that would generate revenue to sustain the Corporation. One of the Corporation's service providers has agreed to delay payment for services as plans are reviewed and implemented. The Board has also discussed merging with other Local Development Corporations. The ability of the Corporation to continue as a going concern is dependent of the success of these plans. The financial statements do not include any adjustments that might be necessary if the Corporation is unable to continue as a going concern.

### **Note 7 - Subsequent Events**

Management has evaluated subsequent events through April 22, 2019, 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, 2018 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 April 22, 2019.

### **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. 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 did not disclose 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  
April 22, 2019