

***BETHEL LOCAL DEVELOPMENT CORPORATION***

***FINANCIAL STATEMENTS***

***DECEMBER 31, 2011***

BETHEL LOCAL DEVELOPMENT CORPORATION

DECEMBER 31, 2011

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## INDEPENDENT AUDITORS' REPORT

To the Board of the Bethel Local  
Development Corporation  
White Lake, NY

We have audited the accompanying statement of financial position of the Bethel Local Development Corporation, a component unit of the Town of Bethel, New York, as of December 31, 2011 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Bethel Local Development Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bethel Local Development Corporation as of December 31, 2011, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012, on our consideration of the Bethel Local 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Cooper, Niemann & Co., CPA's LLP*

Mongaup Valley, New York  
October 12, 2012

BETHEL LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011

ASSETS	
Current Assets	
Cash	\$ <u>22,331</u>
Total Current Assets	<u>22,331</u>
Fixed Assets	
Smallwood Golf Course	<u>58,035</u>
Total Fixed Assets	<u>58,035</u>
TOTAL ASSETS	<u>\$ 80,366</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 1,415
Loans Payable (Note 4)	<u>83,769</u>
Total Current Liabilities	<u>85,184</u>
TOTAL LIABILITIES	<u>85,184</u>
NET ASSETS	
Unrestricted	<u>(4,818)</u>
TOTAL NET ASSETS	<u>(4,818)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 80,366</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

BETHEL LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

OPERATING REVENUES	
Farmers Market	\$ 2,610
Literacy Center	1,535
Other Resources	1,470
Net Assets Released From Restrictions (Note 3)	<u>105,000</u>
<b>TOTAL OPERATING REVENUES</b>	<b><u>110,615</u></b>
OPERATING EXPENSES	
Program Expenses	111,396
Consulting	7,600
Legal and Professional Fees	1,572
Advertising	362
Bank Fees	60
Dues And Subscriptions	<u>50</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>121,040</u></b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b><u>(10,425)</u></b>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	
Grant Income	105,000
Net Assets Released From Restrictions (Note 3)	<u>(105,000)</u>
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>-</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(10,425)</b>
NET ASSETS - Beginning of Period	<u>5,607</u>
<b>NET ASSETS – End of Period</b>	<b><u><u>\$ (4,818)</u></u></b>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

BETHEL LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) In Net Assets	\$ (10,425)
Adjustment To Reconcile Change In Net Assets To Net Cash From Operating Activities:	
(Increase) Decrease In Operating Assets:	
Grants Receivable	26,232
Increase (Decrease) In Operating Liabilities:	
Accounts Payable	665
Loans Payable	<u>60,222</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>76,694</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase Of Property And Equipment	<u>(58,035)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(58,035)</u>
 NET INCREASE (DECREASE) IN CASH	 18,659
 CASH – Beginning Of Year	 <u>3,673</u>
 CASH – End Of Year	 <u>\$ 22,332</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

BETHEL LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The Bethel Local Development Corporation was established in May 1998 under Section 1411 of the Not For Profit Corporation Law, which covers local development corporations. The purpose of the Bethel Local Development Corporation is to foster the creation, retention and expansion of jobs and economic opportunities within the Town of Bethel, located in Sullivan County, New York.

Financial Reporting Entity

The Bethel Local Development Corporation is a nonprofit corporation and is a component unit of the Town of Bethel, New York. The Town of Bethel appoints the board members of the Bethel Local Development Corporation. The financial activities of the Bethel Local Development Corporation are combined with the financial activities of the Town of Bethel and other component units, which constitutes the entire reporting entity for the Town of Bethel.

Basis of Accounting

The financial statements of the Bethel Local Development Corporation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Financial position and activities are reported according to three classes of net assets as follows:

Unrestricted Net Assets – Represents resources recognized as unrestricted and are available for support of operations.

Temporarily Restricted Net Assets – Represents resources recognized as restricted until such a time when all associated restrictions have been met.

Permanently Restricted Net Assets – Represents resources that contain a stipulation that permanently restricts the use of such funds but allows earnings from the funds to be used in a certain manner.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

BETHEL LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

For the statement of cash flows, the Bethel Local Development Corporation considers all highly liquid investments of three months or less as cash.

NOTE 2 – CASH AND INVESTMENTS

Corporation monies are deposited in FDIC-insured commercial banks in the form of demand deposits or certificates of deposit.

NOTE 3 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by grantor.

Time or Purpose Restrictions Accomplished:

	<u>2011</u>
New York Main Street Phase II	<u>\$ 105,000</u>

NOTE 4 – LOANS PAYABLE

The Bethel Local Development Corporation receives loans from the Town of Bethel to finance various projects in anticipation of future revenues, such as grant income, that will be used to repay the loans. As of December 31, 2011, the Bethel Local Development Corporation had outstanding loans with the Town of Bethel for the following purposes:

Bicentennial	\$ 16,047
Smallwood Golf Course	55,222
Operating Funds	<u>12,500</u>
 TOTAL	 <u>\$ 83,769</u>

NOTE 5 – EVENTS OCCURRING AFTER REPORTING DATE

The Bethel Local Development Corporation has evaluated events and transactions that occurred between December 31, 2011 and October 12, 2012, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.





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 the Bethel Local  
Development Corporation  
White Lake, New York 12786

We have audited the financial statements of the Bethel Local Development Corporation, a component unit of the Town of Bethel, New York, as of and for the year ended December 31, 2011, and have issued our report thereon dated October 12, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bethel Local Development Corporation's, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bethel Local Development Corporation's, internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bethel Local Development Corporation's, internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency. A significant deficiency is a deficiency, or 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. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:

Management does not possess the necessary training required to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bethel Local Development Corporation's, financial statements are free of 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*.

This report is intended solely for the information and use of the Board Members, management, others within the entity, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cooper, Nemann & Co. CPA's LLP*

Mongaup Valley, New York  
October 12, 2012