

BETHEL LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015

BETHEL LOCAL DEVELOPMENT CORPORATION

DECEMBER 31, 2015

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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, 2015 and 2014, and the related statements of activities 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.

Auditor's 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 of 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 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2015 and 2014, and the results of its operations and cash flows for the years then ended in conformity 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 8, 2016, 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* in considering the Bethel Local Development Corporation's internal control over financial reporting and compliance.



Mongaup Valley, New York
March 8, 2016

BETHEL LOCAL DEVELOPMENT CORPORATION
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash	\$ <u>6,926</u>	\$ <u>5,418</u>
Total Current Assets	<u>6,926</u>	<u>5,418</u>
Fixed Assets		
Land - Smallwood Golf Course (Note 6)	80,944	80,944
Equipment	5,246	5,246
Accumulated Depreciation	<u>(1,573)</u>	<u>(525)</u>
Net Fixed Assets	<u>84,617</u>	<u>85,665</u>
TOTAL ASSETS	<u><u>\$ 91,543</u></u>	<u><u>\$ 91,083</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ <u>1,783</u>	\$ <u>720</u>
Total Current Liabilities	<u>1,783</u>	<u>720</u>
Long Term Liabilities		
Loans Payable – Related Party (Note 5)	<u>98,404</u>	<u>108,404</u>
Total Long Term Liabilities	<u>98,404</u>	<u>108,404</u>
TOTAL LIABILITIES	<u>100,187</u>	<u>109,124</u>
NET ASSETS		
Temporarily Restricted (Note 4)	6,787	9,587
Unrestricted	<u>(15,431)</u>	<u>(27,628)</u>
TOTAL NET ASSETS	<u>(8,644)</u>	<u>(18,041)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 91,543</u></u>	<u><u>\$ 91,083</u></u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

BETHEL LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Commissions	\$ 15,000	\$ -
Donations	10,000	
Miscellaneous Income	21	29
Net Assets Released From Restrictions (Note 3)	<u>4,037</u>	<u>11,025</u>
TOTAL OPERATING REVENUES	<u>29,058</u>	<u>11,054</u>
OPERATING EXPENSES		
Program Expenses (Note 7)	8,069	25,649
Consulting	3,025	3,306
Legal and Professional Fees	4,463	6,730
Miscellaneous Expenses	255	352
Depreciation Expense	<u>1,049</u>	<u>525</u>
TOTAL OPERATING EXPENSES	<u>16,861</u>	<u>36,562</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>12,197</u>	<u>(25,508)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	1,237	14,262
Net Assets Released From Restrictions (Note 3)	<u>(4,037)</u>	<u>(11,025)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(2,800)</u>	<u>3,237</u>
INCREASE (DECREASE) IN NET ASSETS	9,397	(22,271)
NET ASSETS - Beginning of Period	<u>(18,041)</u>	<u>4,230</u>
NET ASSETS – End of Period	<u>\$ (8,644)</u>	<u>\$ (18,041)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

BETHEL LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) In Net Assets	\$ 9,397	\$ (22,271)
Adjustment To Reconcile Change In Net Assets To Net Cash From Operating Activities:		
Depreciation Expense	1,049	525
(Increase) Decrease In Operating Assets:		
Grants Receivable	-	25,000
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	<u>1,062</u>	<u>660</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>11,508</u>	<u>3,914</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>-</u>	<u>(5,246)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>	<u>(5,246)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of Loans Payable	-	6,000
Repayment of Loans Payable	<u>(10,000)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(10,000)</u>	<u>6,000</u>
NET INCREASE (DECREASE) IN CASH	1,508	4,668
CASH – Beginning of Year	<u>5,418</u>	<u>750</u>
CASH – End of Year	<u>\$ 6,926</u>	<u>\$ 5,418</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

BETHEL LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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. The Corporation's main revenues are generated from grants and contributions.

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, 2015

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 as cash.

Capital Assets

The Corporation records all purchased capital assets at historical cost. Donated assets are recorded at their fair market or appraised value at the date of the gift. Depreciation and amortization of capital assets are provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives for depreciation purposes are as follows:

Equipment	5 Years
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Contributions

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Corporation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE 2 – CASH AND INVESTMENTS

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

BETHEL LOCAL DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 3 – NET ASSETS RELEASED FROM RESTRICTIONS

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

Time or Purpose Restrictions Accomplished:

	<u>2015</u>	<u>2014</u>
Tae Kwon Do Tournament	\$ 44	\$ 325
CEAP Program	1,200	750
Literacy Center	-	278
Smallwood Fire – 911 Memorial	1,337	5,417
Too Many Cats	-	655
Bethel Corridor Beautification	1,200	3,600
Youth	<u>256</u>	<u>-</u>
	<u>\$ 4,037</u>	<u>\$ 11,025</u>

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following programs and/or purposes:

	<u>2015</u>	<u>2014</u>
CEAP Program	\$ 1,985	\$ 3,185
Friends 4 Friends	294	294
Literacy Center	1,613	1,283
Smallwood Fire – 911 Memorial	350	1,337
Too Many Cats	294	294
Bethel Corridor Beautification	1,600	2,800
Smallwood Forest Reserve	411	-
Other Programs	<u>240</u>	<u>394</u>
	<u>\$ 6,787</u>	<u>\$ 9,587</u>

BETHEL LOCAL DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 5 – RELATED PARTY TRANSACTIONS

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. The Corporation had the following outstanding loans with the Town of Bethel for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Smallwood Golf Course	\$ 56,844	\$ 66,844
Operating Funds	25,513	25,513
Community Events	<u>16,047</u>	<u>16,047</u>
 TOTAL	 <u>\$ 98,404</u>	 <u>\$ 108,404</u>

Sale of Property

During the year ended December 31, 2014, the Bethel Local Development Corporation sold a portion of the Smallwood Golf Course (See Note 6) to the Town of Bethel to be used for sand and gravel mining. The parcel of land, which totaled approximately 61 acres, was valued at \$19,080, based on the acreage of the parcel sold as a percentage of the total acreage of the property. The transaction was consummated by deducting the purchase price of \$19,080 from the amount owed by the Bethel Local Development Corporation to the Town of Bethel, as detailed in the preceding section of this Note.

In addition to the \$19,080 sale price, the Bethel Local Development Corporation will receive a commission for all sand and gravel extracted from the parcel at a rate of \$15,000 per year. The annual commission may be revised upon the mutual consent of both parties.

NOTE 6 – SMALLWOOD GOLF COURSE

On November 4, 2011, the Bethel Local Development Corporation purchased a golf course located in the Town of Bethel, New York from the County of Sullivan. The property is reported as land and, therefore, no depreciation is recognized.

BETHEL LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 – PROGRAM EXPENSES

The Corporation's program expenses for the years ended December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Smallwood Golf Course	\$ 3,612	\$ 15,365
Smallwood Fire – 911 Memorial	1,337	5,417
Bethel Corridor Beautification	1,200	2,600
CEAP	1,200	750
Miscellaneous Programs	<u>720</u>	<u>1,517</u>
	<u>\$ 8,069</u>	<u>\$ 25,649</u>

NOTE 8 – EVENTS OCCURRING AFTER REPORTING DATE

The Bethel Local Development Corporation has evaluated events and transactions that occurred between December 31, 2015 and March 8, 2016, 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*

Independent Auditor's Report

To the Board of the Bethel Local
Development Corporation
White Lake, New York 12786

We have audited, 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, the financial statements of the Bethel Local Development Corporation, a component unit of the Town of Bethel, New York, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Bethel Local Development Corporation's financial statements and have issued our report thereon dated March 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bethel 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 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. Accordingly, we do not express an opinion on the effectiveness of the Bethel Local Development Corporation'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 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 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 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 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, as defined above. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control that we consider to be a significant deficiency. We consider the deficiency described below to be a significant deficiency in internal control:

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, New York'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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mongaup Valley, New York
March 8, 2016