

PUTNAM COUNTY
ECONOMIC DEVELOPMENT
CORPORATION

FINANCIAL STATEMENTS
and Additional Information

Years Ended December 31, 2010 and 2009

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DECEMBER 31, 2010 AND 2009

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Alan Wolfson, C.P.A.

Elaine N. Wolfson, Principal

Members of:

American Institute of Certified Public Accountants

New York State Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Putnam County Economic Development Corporation
34 Gleneida Avenue
Carmel, NY

I have audited the accompanying statements of financial position of the Putnam County Economic Development Corporation (a nonprofit organization) as of December 31, 2010, and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Putnam County Economic Development Corp. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Alan Wolfson
Certified Public Accountant

Brewster, NY
March 28, 2011

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$141,647	\$181,371
Prepaid expenses	<u>2,176</u>	<u>1,446</u>
Total current assets	143,823	182,817
Property and equipment, net of accumulated depreciation of \$22,309 and \$21,585	<u>1,725</u>	<u>2,449</u>
TOTAL ASSETS	<u>\$145,548</u>	<u>\$185,266</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,874	\$ 2,823
Accrued payroll	1,577	1,241
Payroll taxes payable	<u>2,257</u>	<u>2,175</u>
Total current liabilities	10,708	6,239
Long-term liabilities:		
Accrued liabilities, long-term	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>10,708</u>	<u>6,239</u>
Net assets:		
Unrestricted	<u>134,840</u>	<u>179,027</u>
TOTAL NET ASSETS	<u>134,840</u>	<u>179,027</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$145,548</u>	<u>\$185,266</u>

The accompanying notes are an integral part of the financial statements.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE:		
Support:		
Putnam County grant	\$104,304	\$122,710
Other contributions	<u>13,650</u>	<u>21,275</u>
Total Support	<u>117,954</u>	<u>143,985</u>
Program revenue:		
Empire Zone reimbursements	-	11,229
Community education program	-	670
Awards breakfast revenue	<u>8,090</u>	<u>5,835</u>
Total Program Revenue	<u>8,090</u>	<u>17,734</u>
Investment revenue:		
Interest income	<u>2,158</u>	<u>2,360</u>
Total Revenue	<u>128,202</u>	<u>164,079</u>
 TOTAL UNRESTRICTED SUPPORT AND REVENUE	 <u>128,202</u>	 <u>164,079</u>
EXPENSES:		
Functional expenses:		
Program services	100,741	119,646
Supporting services:		
Management and general	<u>56,648</u>	<u>50,975</u>
Total Functional expenses	<u>157,389</u>	<u>170,621</u>
Contribution to other organization	<u>15,000</u>	<u>-</u>
Total Expenses	<u>172,389</u>	<u>170,621</u>
 Total Increase (Decrease) in Unrestricted/Net Assets	 (44,187)	 (6,542)
Net Assets at Beginning of Year	<u>179,027</u>	<u>185,569</u>
 NET ASSETS AT END OF YEAR	 <u>\$134,840</u>	 <u>\$179,027</u>

The accompanying notes are an integral part of the financial statements.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ (44,187)	\$ (6,542)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	724	902
(Increase) decrease in operating assets:		
Prepaid expenses	(730)	1
Increase (decrease) in operating liabilities:		
Payroll taxes payable	82	(33)
Accounts payable and accrued expenses	4,051	2,153
Accrued payroll	336	165
Accrued liabilities - current portion	<u>-</u>	<u>(1,692)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(39,724)</u>	<u>(5,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>-</u>	<u>(461)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>(461)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term liabilities	<u>-</u>	<u>(10,000)</u>
NET CASH (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>(10,000)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,724)	(15,507)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>181,371</u>	<u>196,878</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$141,647</u></u>	<u><u>\$181,371</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for finance charges	\$ 31	\$ -
Non-Cash Operating Activities:		
Increase (Decrease) in:		
Accrued liabilities - short-term	\$ -	\$ (1,692)
Accrued liabilities - long-term	-	(10,000)

The accompanying notes are an integral part of the financial statements.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Putnam County Economic Development Corporation was incorporated on September 15, 1996 under the laws of New York State as a not-for-profit corporation. The corporation was granted Federal approval as a 501(c)(6) entity under the Internal Revenue Service Code Section 501(a) effective July 17, 1998.

The Organization's mission is to promote balance and sustain economic growth in Putnam County through the retention and nurturing of business already in the County, through recruiting and encouraging the movement of existing businesses into Putnam County, and by providing an environment conducive to the creation and development of new businesses in the County.

The Organization is supported primarily through an annual municipal grant, private sector contributions and sponsorships, program activities, and investment income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Organization 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 Organization does not have permanently restricted net assets.

Cash and Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted cash and all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. The organization did not receive any donor restricted contributions in either calendar year 2010 or 2009.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contributed Services

The Organization has not recognized any support, revenue, or expenses from service contributed by volunteers. If any support, revenue or expense were recorded, it would be determined based on the difference of any amount paid to an individual and the comparable compensation which would be paid to an individual if they were to occupy these positions on a paid basis. The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Property and Equipment and Depreciation

All acquisitions of property and equipment in excess of \$500 are capitalized. Purchased property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and Fixtures	7 Years
Office Equipment	7 Years
Computer Equipment and Electronics	5 Years
Telephone System and Internet Phone Equipment	7 Years
Internet Website	3 Years

Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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 disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the Statements of Activities and in the Supplementary Schedules of Functional Expenses. Accordingly, certain program or supporting service costs have been allocated by management on either an actual or allocated percentage basis as appropriate, or allocated among the programs and supporting services benefitted.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2010</u>	<u>2009</u>
Furniture and Fixtures	\$ 1,595	\$ 1,595
Computer Equipment	12,166	12,166
Electronic Equipment	512	512
Telephone System and Internet Phone Equipment	4,165	4,165
Office Equipment	1,083	1,083
Internet Web-site	<u>4,513</u>	<u>4,513</u>
subtotal	24,034	24,034
Less: accumulated depreciation	<u>(22,309)</u>	<u>(21,585)</u>
Property and Equipment, net	<u>\$ 1,725</u>	<u>\$ 2,449</u>

Depreciation expense for the years ended December 31, 2010 and 2009, respectively, was \$724 and \$902.

NOTE 4 - FEDERAL AND STATE INCOME TAXES

The Organization is a not-for-profit corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from New York State corporation franchise tax in accordance with the provision of Regulation Section 1-34(b)(6) as a NYS not-for-profit corporation.

NOTE 5 - SPECIAL REPORTING

The Organization is considered to be a Local Development Corporation under the Public Authorities Accountability Act within the Public Authorities Law of New York State. The Authorities Budget Office (ABO) and the Office of the State Comptroller (OSC) both require annual filings of certain financial data and information. The ABO and OSC have mandated that the Organization use their on-line reporting system, known as the Public Authorities Reporting Information System (PARIS).

NOTE 6 - LEASE COMMITMENT

The Organization leases its facility from the County of Putnam on a year-to-year basis for \$525 per month. The Organization is not responsible for any related occupancy costs. Currently, there is no written lease obligation or renewal option.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 7- COMPOSITION OF CASH AND CASH EQUIVALENTS

The total cash held by the Organization was comprised of the following:

	<u>2010</u>	<u>2009</u>
Cash in Bank - Operating account	\$ 8,132	\$ 12,492
Cash in Bank - "Premium Savings"	63,647	68,071
Certificates of Deposit	69,618	100,558
Petty Cash	<u>250</u>	<u>250</u>
Total	<u>\$141,647</u>	<u>\$181,371</u>

NOTE 8 - RELATED PARTY TRANSACTIONS

The President of the Organization is the Director of Advertising Sales of a company that is the vendor to whom the Organization paid fees for advertising services for the Shop Putnam Project. For the year ended December 31, 2009, the costs recognized and paid were \$11,787. For the year ended December 31, 2010, the costs recognized were \$8,266; of this \$1,877 was included in accounts payable at the year end.

There was no amount due from this related party as of the date of these financial statements.

A member of the Board of Directors is also the President of a bank with whom the Organization does banking. The Organization has a checking account, a money market account, and a high-yield savings account with this bank. At December 31, 2010 and 2009 respectively, the balances were as follows:

	<u>2010</u>	<u>2009</u>
Operating account	<u>\$ 8,132</u>	<u>\$12,492</u>
Premium Savings account	<u>\$63,647</u>	<u>\$68,071</u>

There was no amount due to or from this related party as of the date of these financial statements.

An additional member of the Board of Directors is also the President and C.E.O. of a bank with whom the Organization does banking. The Organization maintains a checking account and a certificate of deposit account. At December 31, 2010, the balances were as follows:

	<u>2010</u>
Main Street Grant Checking	<u>\$ 0</u>
Certificate of Deposit	<u>\$58,124</u>

There was no amount due to or from this related party as of the date of these financial statements.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 8 - RELATED PARTY TRANSACTIONS (cont'd)

A member of the Board of Directors (who also serves as Treasurer), is the vendor from which the Organization purchases all of its insurance policies. For the years ended December 31, 2010 and 2009, respectively, the costs recognized and paid for these policies was \$2,574 and \$3,752.

There was no amount due to or from this related party as of the date of these financial statements.

NOTE 9 - CONCENTRATION OF GRANTS

The Organization receives the majority of its revenue from a municipal grant from the County of Putnam, New York. This grant must be applied for annually. The amounts received from these grants were \$104,304 and \$122,710 for the years ended December 31, 2010 and 2009, respectively.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions located in New York. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010 and 2009, respectively, the Organization had no uninsured cash balances.

NOTE 11 - LOSS CONTINGENCY (Accrued Liabilities)

A contingency is an existing condition, situation, or set of circumstances involving an uncertainty that, when resolved, may result in a gain or loss. Contingencies that may result in the loss or impairment of an asset or the incurrence of a liability are called "loss contingencies".

A loss contingency must be accrued as an expense and disclosed when information available prior to issuing the financial statements indicates that it is probable that a loss has been incurred at the financial statement date, and the amount of loss can be reasonably estimated.

The remaining loss contingency of \$11,692 was fully satisfied in calendar year 2009.

NOTE 12 - CONTRIBUTION TO OTHER ORGANIZATION

The contribution in the amount of \$15,000, as noted on the 2010 Statement of Activities, was a board-designated contribution to the Putnam County Industrial Development Agency.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 28, 2011, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Alan Wolfson, C.P.A.

Elaine N. Wolfson, Principal

Members of:

American Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Board of Directors of
Putnam County Economic Development Corporation

I have audited the financial statements of the Putnam County Economic Development Corporation as of and for the years ended December 31, 2010 and 2009, and have issued my report thereon dated March 28, 2011, which contained an unqualified opinion on those financial statements. My audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Alan Wolfson
Certified Public Accountant

Brewster, New York
March 28, 2011

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$ 48,132	\$34,614	\$ 82,746
Payroll taxes	<u>4,104</u>	<u>2,873</u>	<u>6,977</u>
Total salaries and payroll taxes	52,236	37,487	89,723
Real Estate Directory Project	7,129	-	7,129
“Shop Putnam” project	9,766	-	9,766
Business breakfast and meetings	5,156	-	5,156
Business community promotions	1,820	-	1,820
Professional dues and memberships	10,875	-	10,875
Empire Zone costs	89	-	89
Website development	3,850	-	3,850
Website maintenance and hosting	380	-	380
Internet access charges	1,507	-	1,507
Media costs	1,606	-	1,606
Rent	3,150	3,150	6,300
Telephone	105	105	210
Insurance	1,159	1,415	2,574
Office expense	175	178	353
Meeting expenses	-	134	134
Professional fees	-	9,880	9,880
Dues and subscriptions	-	465	465
Travel	1,704	-	1,704
Postage	6	68	74
Advertising	28	-	28
Maintenance contracts	-	645	645
Repairs - equipment	-	873	873
Cleaning expense	-	1,433	1,433
Finance charges	-	31	31
Fees and permits	<u>-</u>	<u>60</u>	<u>60</u>
Total expenses before depreciation	100,741	55,924	156,665
Depreciation	<u>-</u>	<u>724</u>	<u>724</u>
Total Functional expenses	<u>\$100,741</u>	<u>\$56,648</u>	<u>\$157,389</u>

See auditor’s report on supplementary information.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$ 48,132	\$28,153	\$ 76,285
Payroll taxes	<u>4,271</u>	<u>2,508</u>	<u>6,779</u>
Total salaries and payroll taxes	52,403	30,661	83,064
“Shop Putnam” project	11,787	-	11,787
Staff training and education expense	1,565	-	1,565
Community promotional costs	500	-	500
Community educational program	325	-	325
Business breakfast and meetings	6,047	-	6,047
Business community promotions	11,350	-	11,350
Professional dues and memberships	21,104	-	21,104
Web-design costs	5,680		5,680
Internet access charges	1,505	-	1,505
Media costs	110	-	110
Program seminars	500	-	500
Program subscriptions	225	-	225
Rent	3,150	3,150	6,300
Telephone	525	525	1,050
Insurance	2,372	1,380	3,752
Office expense	325	325	650
Stationary and printing	-	512	512
Professional fees	-	8,833	8,833
Marketing	-	704	704
Dues and subscriptions	-	705	705
Postage	107	247	354
Advertising	40	-	40
Promotional expenses	-	200	200
Auto reimbursements and travel	850	27	877
Meeting expenses	78	-	78
Maintenance contracts	-	681	681
Repairs - equipment	-	573	573
Cleaning expense	-	1,447	1,447
Finance charges	-	43	43
Fees and permits	<u>-</u>	<u>60</u>	<u>60</u>
Subtotal of expenses	120,548	50,073	170,621
Less: Program costs previously recognized	<u>(902)</u>	<u>-</u>	<u>(902)</u>
Total expenses before depreciation	119,646	50,073	169,719
Depreciation	<u>-</u>	<u>902</u>	<u>902</u>
Total Functional expenses	<u>\$119,646</u>	<u>\$ 50,975</u>	<u>\$170,621</u>

See auditor's report on supplementary information.