

ROCKLAND ECONOMIC
DEVELOPMENT CORPORATION

AUDIT REPORT

DECEMBER 31, 2011



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To the Board of Directors of
Rockland Economic Development Corporation
Pearl River, New York

We have audited the accompanying statement of the financial position of Rockland Economic Development Corporation as of December 31, 2011 and December 31, 2010, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. 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 the 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 Rockland Economic Development Corporation as of December 31, 2011 and 2010, and the results of its operations for the years ended December 31, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.


Korn Rosenbaum LLP

May 16, 2012

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31,

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 405,075	\$ 432,315
Grants and Accounts Receivable	85,930	64,379
Equipment and Improvements (net of accumulated depreciation) (Note G)	<u>53,123</u>	<u>65,813</u>
<u>TOTAL ASSETS</u>	<u>\$ 544,128</u>	<u>\$ 562,507</u>
<u>LIABILITIES</u>		
Accounts Payable	<u>\$ 69,454</u>	<u>\$ 9,142</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 69,454</u>	<u>\$ 9,142</u>
<u>NET ASSETS</u>		
Unrestricted Reserve	<u>\$ 474,674</u>	<u>\$ 553,365</u>
<u>TOTAL NET ASSETS</u>	<u>\$ 474,674</u>	<u>\$ 553,365</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 544,128</u>	<u>\$ 562,507</u>

See notes to financial statements.

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total December 31, 2010 for Comparative Purposes Only</u>
<u>Revenues and Gains:</u>				
Local Governmental Grants - County of Rockland	\$ 340,358	\$ 83,542	\$ 423,900	\$ 437,050
Local Governmental Grants - County of Orange	-	23,396	23,396	23,000
Local Governmental Grants - County of Westchester	-	28,000	28,000	28,000
Federal Grant	-	119,830	119,830	119,948
Other Grants	21,000	-	21,000	31,000
Program Services (Note I)	174,749	-	174,749	138,066
Interest Income - Working Capital Reserve	1,129	-	1,129	2,327
Interest Income - Operating	218	-	218	432
Miscellaneous Revenue	1,443	-	1,443	13,485
Industrial Development Agency Administrative Support	65,800	-	65,800	65,800
TOTAL REVENUES AND GAINS	\$ 604,697	\$ 254,768	\$ 859,465	\$ 859,108
 Net Assets Released from Restriction	 \$ 254,768	 \$ (254,768)	 \$ -	 \$ -
 <u>EXPENSES</u>				
Salaries	\$ 521,855	\$ -	\$ 521,855	\$ 504,124
Fringe Benefits	116,540	-	116,540	112,169
Office Supplies	12,733	-	12,733	6,609
Postage	1,067	-	1,067	1,352
Insurance - General, D & O	14,565	-	14,565	9,935
Telephone	9,150	-	9,150	9,110
Office Space	68,427	-	68,427	64,990
Auditing Fees	5,500	-	5,500	5,600
Payroll Fees/Bookkeeping	14,371	-	14,371	2,800
Association Dues	23,520	-	23,520	20,815
Publications and Subscriptions	748	-	748	168
Travel	13,459	-	13,459	4,905
Public Relations/Design	-	-	-	10,682
Annual Awards Luncheon	20,112	-	20,112	23,349
Advertising	3,065	-	3,065	3,208
Courses and Conferences	11,378	-	11,378	12,161
Repairs and Maintenance	2,762	-	2,762	6,002
Equipment Rentals/Lease (Note E)	5,909	-	5,909	7,305
Equipment Expenses	970	-	970	4,334
REDC Board of Directors	5,796	-	5,796	6,691
Human Resources/Development	4,363	-	4,363	-
Meetings	-	-	-	4,740
Softshare BID Alert	10,000	-	10,000	9,250
Registration and Filing Fees	125	-	125	125
Information Technology	32,536	-	32,536	3,600
Forty Under Forty Program	16,104	-	16,104	17,750
Auto Allowance	4,680	-	4,680	4,680
Community Outreach/Marketing	2,592	-	2,592	-
Professional Fees - Empire Zone	-	-	-	4,488
Miscellaneous	785	-	785	4,289
Bad Debt Expense	-	-	-	4,100
Depreciation	15,044	-	15,044	14,784
TOTAL OPERATING EXPENSES	\$ 938,156	\$ -	\$ 938,156	\$ 884,115
 Decrease in Unrestricted Net Assets	 \$ (78,691)	 \$ -	 \$ (78,691)	 \$ (25,007)

See notes to financial statements.

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31.

	<u>2011</u>	<u>2010</u>
Net Assets, Beginning of Year	\$ 553,365	\$ 578,372
Decrease in Net Assets	<u>(78,691)</u>	<u>(25,007)</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 474,674</u>	<u>\$ 553,365</u>

See notes to the financial statements.

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31.

	<u>2011</u>	<u>2010</u>
<u>OPERATING ACTIVITIES</u>		
Increase in Net Assets - Unrestricted	\$ (78,691)	\$ (25,007)
Adjustments to Reconcile Increase in Total Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	15,044	14,784
Bad Debt Expense	-	4,100
Decrease (Increase) in Grants and Accounts Receivable	(21,551)	1,618
Increase (Decrease) in Accounts Payable	<u>60,312</u>	<u>(2,007)</u>
<u>NET CASH UTILIZED BY OPERATING ACTIVITIES</u>	<u>\$ (24,886)</u>	<u>\$ (6,512)</u>
 <u>INVESTING ACTIVITIES</u>		
Purchase of Plant, Property, & Equipment	<u>\$ (2,354)</u>	<u>\$ (1,105)</u>
<u>NET CASH UTILIZED BY INVESTING ACTIVITIES</u>	<u>\$ (2,354)</u>	<u>\$ (1,105)</u>
 <u>NET (DECREASE) IN CASH</u>	 <u>\$ (27,240)</u>	 <u>\$ (7,617)</u>
 CASH - BEGINNING OF YEAR	 <u>432,315</u>	 <u>439,932</u>
CASH - END OF YEAR	<u>\$ 405,075</u>	<u>\$ 432,315</u>
 <u>SUPPLEMENTAL CASH FLOW INFORMATION:</u>		
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>

See notes to the financial statements

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. The books of the Rockland Economic Development Corporation (REDC) are maintained on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.
2. Fixed assets are recorded in the Equipment Fund and are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets.
3. For purposes of the statement of cash flows, the REDC considers all highly liquid short-term investments with an original maturity of twelve months or less to be cash equivalents.

NOTE B NATURE OF ORGANIZATION

The Rockland Economic Development Corporation (REDC) was formed as a non profit organization in 1987 to provide the guidance and support necessary for the development of the County of Rockland's economy. The REDC focuses on attracting new businesses to the County and retaining existing area companies.

NOTE C INCOME TAXES

The REDC is exempt from Federal income taxes under the provision of Section 501 (c)(3) of the Internal Revenue Code on its exempt function income. Federal taxes are required to be paid on the organization's unrelated business income of mailing list sales and certain advertising revenues.

NOTE D EMPLOYEE BENEFIT PLANS

The REDC has a noncontributory unqualified simplified employee pension plan (SEP) covering all employees who have met the minimum requirements for inclusion. The annual contribution was 10% percent of covered compensation. Total pension costs for years ended December 31, 2011 and 2010 were \$49,980 and \$43,249 respectively. This SEP is a defined contribution plan at management's discretion, not a defined benefit plan.

The organization maintains a cafeteria plan under IRC Section 125 covering the employees' share of health insurance premiums.

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE E LEASE OBLIGATIONS

Operating Lease

In June, 2009, the organization entered into a 60 month lease for the rental of a digital printer/copier. Monthly payments equal \$465.26 and the future minimum rental commitment of this lease is \$13,957.80.

NOTE F SUMMARIZED FINANCIAL INFORMATION FOR 2010

The financial information for the year ended December 31, 2010 presented for comparative purposes is not intended to be a complete financial statement presentation.

NOTE G EQUIPMENT FUND

Expenditures for equipment and improvements are stated at cost. Donated assets are recorded at their estimated fair market values at the date of donation.

Plant Fund assets are summarized as follows:

	<u>2011</u>	<u>2010</u>
Computer Equipment and Furniture	\$ 94,292	\$ 91,938
Leasehold Improvements	<u>13,340</u>	<u>13,340</u>
	\$ 107,632	\$ 105,278
Less: Accumulated Depreciation	<u>54,509</u>	<u>39,465</u>
	<u>\$ 53,123</u>	<u>\$ 65,813</u>

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE H CASH

The REDC maintained the following cash balances at December 31:

	<u>2011</u>	<u>2010</u>
Money Market/Savings Accounts	\$ 19,965	\$ 308,601
Certificates of Deposit	-	81,857
General Checking	<u>385,110</u>	<u>41,857</u>
	<u>\$ 405,075</u>	<u>\$432,315</u>

NOTE I PROGRAM SERVICES

The REDC's program services consist of an annual conference for which advertising revenue and registration fees are collected. The REDC currently receives a \$10,000 administrative fee from the revolving loan fund and also receives revenue through sales of manufacturing and service industry mailing lists. The revenue earned from these services was as follows:

	<u>2011</u>	<u>2010</u>
Annual Conference/Luncheon	\$136,565	\$123,180
Westchester/Rockland Revolving Loan Fund Fee	10,000	10,000
Forty Under Forty Program	17,120	4,791
Escrow Administration	6,754	-
Referral Fee	4,310	-
Mailing List Sales	<u>-</u>	<u>95</u>
	<u>\$174,749</u>	<u>\$138,066</u>

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE J WESTCHESTER ROCKLAND REVOLVING LOAN FUND

The Westchester Rockland Revolving Loan Fund (WRRLF) is a loan program administered by the REDC and the Westchester County Association (WCA). This lending program was implemented to promote small business growth and economic development in Rockland County and Westchester County. The program is designed to assist companies located in either Rockland or Westchester that do not qualify for conventional financing. Funds may be used for working capital, inventory, leasehold improvements to owner-occupied real estate, equipment or mezzanine financing. The use of these funds must result in the retention and/or creation of jobs in Rockland County or Westchester County. This program was established with a grant from the Empire State Development Corporation. REDC services these loans and acts as a conduit for the disbursement of the loan proceeds and for the repayment of the principal and interest. Since these loans are not obligations of REDC, these transactions are not reflected within the financial statements.

NOTE K CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the organization to concentrations of credit risk consist primarily of cash and cash equivalents. The organization's cash and cash equivalents are maintained in several major financial institutions. In certain instances, the organization's balance exceeds the maximum balance insured by FDIC. However, all financial institutions utilized by REDC are federally rated, as well capitalized, and the risk of loss of capital is assessed as low.




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SUPPLEMENTAL SCHEDULES

Our examination of the financial statements included in the preceding section of this report was directed to the expression of an opinion of those statements taken as a whole. The supplemental material presented in the following section of this report is not necessary for the presentation of the financial statements but is presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.


Korn Rosenbaum LLP

May 16, 2012

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
 SUPPLEMENTAL STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31.

	ECONOMIC DEVELOPMENT	DEPARTMENT DEFENSE PROCUREMENT GRANT	PROCUREMENT GRANT MATCH	EQUIPMENT FUND	2011 TOTAL	2010 TOTAL
<u>Revenues and Gains:</u>						
Local Governmental Grants - County of Rockland	\$ 340,358	\$ -	\$ 83,542	\$ -	\$ 423,900	\$ 437,050
Local Governmental Grants - County of Orange	-	-	23,396	-	23,396	23,000
Local Governmental Grants - County of Westchester	-	-	28,000	-	28,000	28,000
Federal Grant	-	119,830	-	-	119,830	119,948
Other Grants	21,000	-	-	-	21,000	31,000
Program Services (Note I)	174,749	-	-	-	174,749	138,066
Interest Income - Working Capital Reserve	1,129	-	-	-	1,129	2,327
Other Interest Income	218	-	-	-	218	432
Miscellaneous Revenue	1,443	-	-	-	1,443	13,485
Industrial Development Agency Administrative Support	65,800	-	-	-	65,800	65,800
TOTAL UNRESTRICTED REVENUES AND GAINS	\$ 604,697	\$ 119,830	\$ 134,938	\$ -	\$ 859,465	\$ 859,108
<u>EXPENSES</u>						
Salaries	\$ 382,367	\$ 62,190	\$ 77,298	\$ -	\$ 521,855	\$ 504,124
Fringe Benefits	83,908	16,316	16,316	-	116,540	112,169
Office Supplies	8,481	2,126	2,126	-	12,733	6,609
Postage	661	203	203	-	1,067	1,352
Insurance - General, D & O	9,031	2,767	2,767	-	14,565	9,935
Telephone	6,232	1,459	1,459	-	9,150	9,110
Office Space	42,425	13,001	13,001	-	68,427	64,990
Auditing Fees	3,410	1,045	1,045	-	5,500	5,600
Payroll/Fund EZ Accounting	8,909	2,731	2,731	-	14,371	2,800
Association Dues	23,520	-	-	-	23,520	20,815
Publications and Subscriptions	748	-	-	-	748	168
Employee Travel	10,169	1,645	1,645	-	13,459	4,905
Public Relations/Design	-	-	-	-	-	10,682
Annual Awards Luncheon	20,112	-	-	-	20,112	23,349
Advertising	1,901	582	582	-	3,065	3,208
Courses and Conferences	6,824	2,277	2,277	-	11,378	12,161
Repairs and Maintenance	1,712	525	525	-	2,762	6,002
Equipment Rentals/Lease (Note E)	3,663	1,123	1,123	-	5,909	7,305
Equipment Expense	602	184	184	-	970	4,334
REDC Board of Directors	5,796	-	-	-	5,796	6,691
Human Resources/Development	4,363	-	-	-	4,363	-
Meetings	-	-	-	-	-	4,740
Softshare BID Alert	-	5,000	5,000	-	10,000	9,250
Registration and Filing Fees	125	-	-	-	125	125
Information Technology	20,356	6,090	6,090	-	32,536	3,600
Forty Under Forty Program	16,104	-	-	-	16,104	17,750
Auto Allowance	4,680	-	-	-	4,680	4,680
Community Outreach/Marketing	1,460	566	566	-	2,592	-
Professional Fees - Empire Zone	-	-	-	-	-	4,488
Miscellaneous	785	-	-	-	785	4,289
Bad Debt Expense	-	-	-	-	-	4,100
Depreciation	-	-	-	15,044	15,044	14,784
TOTAL OPERATING EXPENSES	\$ 668,344	\$ 119,830	\$ 134,938	\$ 15,044	\$ 938,156	\$ 884,115
EQUIPMENT ACQUISITION - TRANSFER TO EQUIPMENT FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DECREASE IN NET ASSETS	\$ (63,647)	\$ -	\$ -	\$ (15,044)	\$ (78,691)	\$ (25,007)

See notes to financial statements.