

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2017

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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 of
Rockland Economic Development Corporation
Pearl River, New York

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 Rockland Economic Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and changes in net assets for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rockland Economic 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 Rockland Economic 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 Rockland Economic 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 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 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.

A handwritten signature in black ink, consisting of several overlapping loops and lines, positioned above the firm's name.

RRC CPA's, P.C.
Orangeburg, NY 10962

March 15, 2018

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Rockland Economic Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and changes in net assets for the year 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017, and the changes in net assets and its cash flow for the years 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 March 15, 2018, on our consideration of Rockland Economic 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 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 Rockland Economic Development Corporation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Rockland Economic Development Corporation's 2016 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



RRC CPAs P.C.
Orangeburg, NY
March 15, 2018

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents - Unrestricted	\$ 585,511	\$ 574,449
Cash - Westchester Rockland Revolving Loan Fund	183,567	191,875
Cash - Escrow	4,054	3,896
Grants and Accounts Receivable	19,563	24,265
Loans Receivable - Westchester Rockland Revolving Loan Fund (net of allowance for doubtful accounts)	<u>243,382</u>	<u>240,996</u>
<u>TOTAL ASSETS</u>	1,036,077	1,035,481
 LIABILITIES		
Accounts Payable	10,711	6,614
Escrow	<u>4,054</u>	<u>3,896</u>
<u>TOTAL LIABILITIES</u>	14,765	10,510
 NET POSITION		
Unrestricted	594,363	592,100
Temporarily Restricted - Westchester Rockland Revolving Loan Fund	<u>426,949</u>	<u>432,871</u>
<u>TOTAL NET POSITION</u>	1,021,312	1,024,971
 <u>TOTAL LIABILITIES AND</u>		
<u>NET POSITION</u>	<u>\$ 1,036,077</u>	<u>\$ 1,035,481</u>

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total 12/31/2016</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Local Governmental Grants - County of Rockland	\$ 315,997	\$ -	\$ 315,997	\$ 315,998
Local Governmental Grants - County of Orange	-	21,000	21,000	21,000
Corporate Grants	-	-	-	15,648
Federal Grant	-	105,901	105,901	103,229
Program Services (Note H)	148,281	-	148,281	186,515
Interest Income - Operating	16	-	16	16
Interest Income - Westchester Rockland				
Revolving Loan Fund	-	7,140	7,140	9,459
Insurance Reimbursement	-	-	-	1,613
Administrative Support	<u>13,896</u>	<u>-</u>	<u>13,896</u>	<u>18,415</u>
TOTAL REVENUES AND GAINS	478,190	134,041	612,231	671,893
Net Assets Released from Restriction	<u>5,922</u>	<u>(5,922)</u>	<u>-</u>	<u>-</u>
Salaries	383,994	-	383,994	\$ 382,024
Fringe Benefits & Payroll Taxes	71,824	-	71,824	66,856
Office Supplies	7,872	-	7,872	15,739
Insurance - General, D & O	291	-	291	1,348
Telephone	8,246	-	8,246	8,178
Office Space	20,034	-	20,034	33,238
Professional Fees	6,319	-	6,319	5,600
Payroll Fees/Bookkeeping	11,086	-	11,086	12,121
Compliance/Legal Fees	16,246	-	16,246	10,000
Association Dues	1,774	-	1,774	5,577
Publications & Subscriptions	60	-	60	599
Travel	10,138	-	10,138	7,454
Annual Awards Luncheon	19,112	-	19,112	26,661
PTAC Counselor	10,000	-	10,000	10,000
Advertising	10,394	-	10,394	7,394
Courses and Conferences	2,090	-	2,090	6,829
Equipment Rentals/Lease (Note D)	3,224	-	3,224	5,193
Meetings	4,480	-	4,480	14,626
Information Technology	12,539	-	12,539	9,040
Community Outreach/Marketing	16,167	-	16,167	36,647
Website Development	-	-	-	4,238
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,340</u>
TOTAL OPERATING EXPENSES	615,890	-	615,890	671,702
Increase (Decrease) in Unrestricted Net Position	(131,778)	128,119	(3,659)	191

**ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
Net Position, Beginning of Year	1,024,971	1,024,780
Increase (Decrease) in Net Posiiton	<u>(3,659)</u>	<u>191</u>
<u>NET POSITION, END OF YEAR</u>	<u>\$ 1,021,312</u>	<u>\$ 1,024,971</u>

ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2017</u>	<u>2016</u>
<u>OPERATING ACTIVITIES</u>		
Increase/(Decrease) in Net Assets	(3,659)	191
Adjustments to Reconcile Increase/(Decrease) in Total Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	-	2,340
Decrease (Increase) in Grants and Accounts Receivable	4,702	48,691
Increase (Decrease) in Accounts Payable	<u>4,097</u>	<u>1,314</u>
<u>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</u>	<u>5,140</u>	<u>52,536</u>
<u>FINANCING ACTIVITIES</u>		
Net Activity if Loans Receivable - Westchester Rockland Revolving Loan Fund	<u>(2,386)</u>	<u>74,061</u>
<u>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</u>	<u>(2,386)</u>	<u>74,061</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>2,754</u>	<u>126,597</u>
Cash - Beginning of Year	<u>766,324</u>	<u>639,727</u>
Cash - End of Year	\$ 769,078	\$ 766,324
<u>SUPPLEMENTAL CASH FLOW INFORMATION:</u>		
Cash paid for Interest	<u>-</u>	<u>-</u>

**ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rockland Economic Development Corporation (REDC) was formed as a nonprofit organization in 1987 to provide 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.

BASIS OF ACCOUNTING

The books of REDC are maintained on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

CASH AND CASH EQUIVALENTS

REDC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – INCOME TAXES

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

NOTE C – EMPLOYEE BENEFIT PLANS

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% of covered compensation. Total pension costs for years ended December 31, 2017 and 2016 were \$25,764 and \$20,436 respectively. This SEP is a defined contribution plan at management's discretion, not a defined benefit plan.

REDC maintains a cafeteria plan under IRC Section 125 covering the employee's share of health insurance premiums.

NOTE D – LEASE OBLIGATIONS

In November 2013, REDC entered into a 60-month lease for the rental of a digital printer/copier. Monthly payments equal \$319.

**ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE E – SUMMARIZED FINANCIAL INFORMATION FOR 2016

The financial information for the year ended December 31, 2016 presented for comparative purposes is not intended to be a complete financial statement presentation.

NOTE F – 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.

Equipment and Improvements are Summarized as follows:

	<u>2017</u>	<u>2016</u>
Computer, Equipment and Furniture	\$96,217	96,217
Leasehold Improvements	<u>13,340</u>	<u>13,340</u>
	\$109,557	\$ 109,557
Less: Accumulated Depreciation	<u>109,557</u>	<u>109,557</u>
Net Equipment and Improvements	\$ -	\$ -

NOTE G – ADVERTISING

REDC markets its services through advertisements in trade publications.

NOTE H – PROGRAM SERVICES

REDC's program services consist of an annual conference for which advertising revenue and registration fees are collected. In addition, REDC currently receives income from Marketing Sponsorship, Real Estate Council and Quarterly Business Briefings as well as an administrative fee for administration of an escrow fund. The revenue earned from these services are summarized as follows:

	<u>2017</u>	<u>2016</u>
Total Program Services	\$ 148,281	\$ 186,515

NOTE I – EVALUATION OF SUBSEQUENT EVENTS

REDC has evaluated subsequent events through March 15, 2018, the date which the financial statements were available to be issued.

**ROCKLAND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017**

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.

NOTE K – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the organization to concentrations of credit risk consist primarily of cash and cash equivalents. REDC'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 the FDIC. However, all financial institutions utilized by REDC are federally rated, well capitalized, and the risk of loss of capital is assessed as low.