

MAMAKATING LOCAL DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021

MAMAKATING LOCAL DEVELOPMENT CORPORATION

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Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mamakating Local Development Corporation

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mamakating Local Development Corporation, A component unit of the Town of Mamakating, New York, which comprise the statement of net position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mamakating Local Development Corporation, A component unit of the Town of Mamakating, New York as of December 31, 2021, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mamakating Local Development Corporation, A component unit of the Town of Mamakating, New York and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management if required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mamakating Local Development Corporation, A component unit of the Town of Mamakating, New York's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes an opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mamakating Local Development Corporation, A component unit of the Town of Mamakating, New York's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mamakating Local Development Corporation, A component unit of the Town of Mamakating, New York's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2022, on our consideration of Mamakating 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 solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mamakating Local Development Corporation's 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 Mamakating Local Development Corporation's internal control over financial reporting and compliance.

Jugend & Hausler, P.C.

Montgomery, New York
August 12, 2022

MAMAKATING LOCAL DEVELOPMENT CORPORATION
WURTSBORO, NEW YORK

Management Discussion and Analysis

Within this section of the annual financial report of Mamakating Local Development Corporation, a component unit of the Town of Mamakating, the Corporation's management provides narrative discussion and analysis of the financial activities of the Corporation for the year ended December 31, 2021. The Corporation's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the auditor's opinion letter, which precedes management's discussion and analysis.

Financial Highlights

- In the Statement of Net Position the change in net position for the year ended December 31, 2021 reflects a decrease of \$18,436, resulting in a Net Position of \$3,211 at the end of the year.

Independent Auditor's Report

The first item in this report is the independent auditor's report. This report tells the reader what the auditor audited and whether the Mamakating Local Development Corporation has followed the accounting and financial reporting rules. For the year ended December 31, 2021, the auditor has given Mamakating Local Development Corporation what is commonly called "a clean opinion". This means that Mamakating Local Development Corporation is following the accounting rules and the following financial statements reflect the financial position and the financial activity for the year ended December 31, 2021. The independent auditor signs the auditor's report.

Overview of the Financial Statements

The statement of net position, the statement of activities, and statement of cash flows report information about the Corporation as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses would be accounted for regardless of when cash is received or paid.

The Corporation's net position, the difference between assets and liabilities, is one way to measure the Corporation's financial health or financial position. Over time, increases or decreases in the Corporation's net position is one indicator of whether its financial health is improving or deteriorating.

Additionally, the statements of cash flows provides information about the Corporation's cash receipts, cash disbursements, and net changes in cash resulting from operating activities.

Government -Wide Financial Analysis

The Corporation was established in 2017 as a local development corporation.

As noted earlier, net position may serve over time as a useful indicator of the Corporation's financial position. In the case of the Corporation, net position at the close of the current year was \$3,211.

MAMAKATING LOCAL DEVELOPMENT CORPORATION
WURTSBORO, NEW YORK

Management Discussion and Analysis
(Continued)

Notes to Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.

Contacting the Corporation's Financial Management

This financial report is designed to provide a general overview of Mamakating Local Development Corporation's finances, a component unit of the Town of Mamakating, and to comply with finance-related laws and regulations and demonstrate the Corporation's commitment to public accountability. If you have questions about this report, or would like to request additional financial information, contact the Chair of the Board, of the Corporation at 2948 Route 209, Wurtsboro, New York 12790.

MAMAKATING LOCAL DEVELOPMENT CORPORATION
WURTSBORO, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2021

CURRENT ASSETS

Cash	<u>\$ 3,211</u>
TOTAL CURRENT ASSETS	<u><u>\$ 3,211</u></u>

NET POSITION

Unrestricted	<u>\$ 3,211</u>
TOTAL NET POSITION	<u><u>\$ 3,211</u></u>

See accompanying notes to financial statement.

MAMAKATING LOCAL DEVELOPMENT CORPORATION
WURTSBORO, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUE

Town of Mamakating	\$	28,000	
Farmers Market		4,944	
Calendar Sales		4,350	
Travel Story App Grants		1,500	
Summer Camp Grant Income		467	
Soaring Event Revenue		420	
TOTAL OPERATING REVENUE			\$ 39,681

OPERATING EXPENSES

Professional		5,500	
Marketing		22,872	
Bank Service Charges		36	
Computer and Internet Expenses		147	
Farmers Market		5,022	
Insurance Expense		1,782	
MEEC Grant Equipment & Supplies		10,000	
Membership Fee		240	
Outside Bookkeeping Service		1,650	
Public Relations		4,050	
Rent Expense		56	
Soaring Equipment & Supplies		2,012	
Summer Camp Program Expense		750	
Travel Story Trail App		4,000	
TOTAL OPERATING EXPENSES			58,117

NET OPERATING LOSS \$ (18,436)

NET POSITION - DECEMBER 31, 2020 21,647

NET POSITION - DECEMBER 31, 2021 \$ 3,211

See accompanying note to financial statements.

MAMAKATING LOCAL DEVELOPMENT CORPORATION
WURTSBORO, NEW YORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss	\$ (18,436)
CASH, CASH EQUIVALENT, AND RESTRICTED CASH, BEGINNING OF YEAR	<u>21,647</u>
CASH, CASH EQUIVALENT, AND RESTRICTED CASH, END OF YEAR	<u><u>\$ 3,211</u></u>

See accompanying notes to financial statements.

MAMAKATING LOCAL DEVELOPMENT CORPORATION
WURTSBORO, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Mamakating Local Development Corporation (Corporation) was incorporated on March 16, 2017 under Section 1411 of the Not-for-Profit Corporation Law to achieve the following public and quasi-public objectives:

- Relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instruction or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding the Town of Mamakating (the Town) or by attracting new industry hereto and by encouraging the development or retention of industries in the Town and improving the economy and lessening the burdens of government and otherwise acting in the public interest, all within the Town.
- To construct, acquire, rehabilitate and improve for use by others industrial or manufacturing plants and other business enterprises in the Town, to assist financially in such construction, acquisition, rehabilitation and improvement, to maintain such plants and enterprises for others in such territory, to disseminate information and furnish advice, technical assistance and liaison with federal, state and local authorities with respect thereto, to acquire by purchase, lease, gift, bequest, devise or otherwise real or personal property or interests therein, to borrow money and to issue negotiable bonds, notes and other obligations therefor, and notwithstanding section 510 of the Not-for-Profit Corporation Law (disposition of all or substantially all assets) without leave of the court, to sell, lease, mortgage or otherwise dispose of or encumber any such plants or any of its real or personal property or any interest therein upon such terms as it may determine and , in connection with loans from the New York Job Development Authority, to enter into covenants and agreements and to comply with all the terms, conditions and provisions thereof, and otherwise to carry out its corporate purposes and to foster and encourage the location or expansion of industrial or manufacturing plants and other business enterprises in the territory in which the operations of such corporation are principally to be conducted.

B. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Management must make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial instruments, including borrowings, are all carried at amounts that approximate fair value.

The government-wide financial statements are the same as the fund financial statements for proprietary funds, so no additional schedules were necessary. The first of these government-wide statements is the Statement of Net Position. This is the Corporation-wide statement of position presenting information that includes all of the Corporation's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation as a whole is improving or deteriorating. Evaluation of the overall health of the Corporation would extend to other nonfinancial factors, such as the condition of Corporation infrastructure, in addition to the financial information provided in this report.

MAMAKATING LOCAL DEVELOPMENT CORPORATION
WURTSBORO, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basis of Accounting (Continued)

The second government-wide statement is the Statement of Activities, which reports how the Corporation's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid.

C. Financial Reporting Entity

The Corporation has been identified as a component unit of the Town of Mamakating, in accordance with criteria set forth in GASB Statement No. 14. These criteria include assessment of legal standing, fiscal dependency and financial accountability.

The Corporation reports activities and the related net assets utilizing the following net asset categories:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position – Reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the Corporation.

D. Tax Status

The Corporation is a Not-For-Profit local development corporation formed under section 1411 of the Not-For-Profit corporation law of the state of New York, and is exempt from federal, state and local income taxes.

E. Cash and Cash Equivalents

The Corporation's cash and cash equivalents consist of cash on hand and demand deposits. For purposes of the Statement of Cash Flows, the Corporation considers all highly liquid cash accounts and other temporary investments with maturities of three months or less as cash equivalents.

The Corporation maintains its cash in bank deposit accounts, which at times may exceed federally insured limits.

F. Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

MAMAKATING LOCAL DEVELOPMENT CORPORATION
WURTSBORO, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. LITIGATION

Management is not aware of any pending or threatened litigation against Mamakating Local Development Corporation, as of December 31, 2021.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Corporation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial Assets available to meet cash needs	
For general expenditures within one year	\$ <u>3,511</u>

NOTE 5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2022, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.



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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 Members of
Mamakating Local Development Corporation
Wurtsboro, New York 12790

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

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 Mamakating Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 12, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mamakating Local Development Corporation's internal control over financial reporting (internal control) as a basis for designing 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 Mamakating Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Mamakating 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be significant deficiencies.

Report of Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mamakating Local 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*.

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Mamakating Local Development Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Mamakating Local Development Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results 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.

Jugent & Haussler, P.C.

Montgomery, NY
August 12, 2022

MAMAKATING LOCAL DEVELOPMENT CORPORATION
WURTSBORO, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

FINANCIAL STATEMENT FINDINGS

2021-001

Limited Segregation of Duties

Condition:

The auditor found instances where segregation of duties was limited. Limitations in control activities may be addressed through additional management oversight.

Criteria:

Segregation of duties relates to how various duties are assigned to different people within the organization. Generally, the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets should be assigned to different people so that no single person is in a position to both perpetrate and conceal errors, irregularities or fraud.

Cause:

Limited resources and personnel available contribute directly to the level of segregation achieved.

Effect:

The financial statements could have been significantly misstated due to errors or irregularities and fraud or misappropriation could occur and not be detected without adequate segregation of duties and responsibilities.

Recommendation:

We recommend that management review the responsibilities and duties currently being performed. This review should focus on segregating the functions for authorizing transactions, recording transactions, and maintaining custody of assets. As part of this review, management should consider whether the current staffing level is sufficient to achieve the desired internal control. It may be necessary to hire staff, or increase management oversight to mitigate this deficiency.

**Management
Response:**

Mamakating Local Development Corporation does not have any employees. All required procedures are performed by Board members. The Board has assigned responsibilities to its members to mitigate the deficiencies of having limited segregation of duties.