

**THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2011 and 2010

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.

DECEMBER 31, 2011

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with an eye on
tomorrow

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To The Board of Directors of
The Partnership For Economic Development In Sullivan County, Inc.
Monticello, New York 12701

We have reviewed the accompanying statements of financial position of the Partnership For Economic Development In Sullivan County, Inc., (a non-profit organization) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is subsequently less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity accounting principles generally accepted in the United States of America.

Cooper, Niemann & Co. CPA's LLP
Mongaup Valley, New York
January 31, 2012

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash And Cash Equivalents	\$ 136,661	\$ 81,688
Accounts Receivable	-	1,109
Grants Receivable	-	7,500
Prepaid Insurance	<u>3,423</u>	<u>3,423</u>
Total Current Assets	<u>140,084</u>	<u>93,720</u>
Non Current Assets		
Cash - Restricted	206,296	97,825
Loans Receivable - Restricted	<u>447,330</u>	<u>484,872</u>
Total Non Current Assets	<u>653,626</u>	<u>582,697</u>
Fixed Assets		
Leasehold Improvements	1,210	1,210
Equipment	52,000	52,000
Less: Accumulated Depreciation	<u>(53,210)</u>	<u>(51,169)</u>
Net Fixed Assets	<u>-</u>	<u>2,041</u>
TOTAL ASSETS	<u>\$ 793,710</u>	<u>\$ 678,458</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,795	\$ 11,754
Accrued Liabilities	-	1,102
Deferred Revenues	<u>41,100</u>	<u>42,550</u>
Total Current Liabilities	<u>42,895</u>	<u>55,406</u>
Net Assets		
Unrestricted	97,189	40,355
Temporarily Restricted (Note 4)	<u>653,626</u>	<u>582,697</u>
Total Net Assets	<u>750,815</u>	<u>623,052</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 793,710</u>	<u>\$ 678,458</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,

	<u>2011</u>	<u>2010</u>
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
Grant Income	\$ 75,000	\$ 75,000
Sponsorships	83,225	92,690
Special Events (Net of \$14,954 and \$17,377 in direct expenses, respectively)	17,696	5,253
Interest Income	301	157
Miscellaneous Income	2,352	1,989
Net Assets Released From Restrictions (Note 5): Satisfaction of Program Restrictions	<u>99,966</u>	<u>148,840</u>
TOTAL UNRESTRICTED REVENUES	<u>278,540</u>	<u>323,929</u>
EXPENSES		
Program Services	120,087	196,315
Management and General	<u>101,619</u>	<u>99,080</u>
TOTAL EXPENSES (Note 6)	<u>221,706</u>	<u>295,395</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>56,834</u>	<u>28,534</u>
TEMPORARILY RESTRICTED NET ASSETS		
Grant Income	160,000	110,000
Interest Income	10,895	5,793
Net Assets Released From Restrictions (Note 5): Satisfaction of Programs Restrictions	<u>(99,966)</u>	<u>(148,840)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>70,929</u>	<u>(33,047)</u>
INCREASE (DECREASE) IN NET ASSETS	127,763	(4,513)
NET ASSETS – Beginning of Year	<u>623,052</u>	<u>627,565</u>
NET ASSETS – End of Year	<u>\$ 750,815</u>	<u>\$ 623,052</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
 IN SULLIVAN COUNTY, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31,

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) In Net Assets	\$ 127,763	\$ (4,513)
Adjustment To Reconcile Change In Net Assets To Net Cash From Operating Activities:		
Depreciation	2,041	3,026
(Increase) Decrease In Operating Assets:		
Grants Receivable	7,500	(7,500)
Accounts Receivable	1,109	(1,109)
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	(9,959)	(14,969)
Accrued Liabilities	(1,102)	(3,898)
Deferred Revenues	(1,450)	(33)
Revolving Loans Issued	(55,000)	(295,000)
Revolving Loans Repaid	92,542	65,068
Restricted Loan Activity	(37,542)	229,932
Revenues Restricted By Donor Stipulations	(75,895)	(5,793)
Net Assets Released From Restrictions	<u>4,966</u>	<u>38,840</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>54,973</u>	 <u>4,051</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 54,973	 4,051
 CASH AND CASH EQUIVALENTS – Beginning Of Year	 <u>81,688</u>	 <u>77,637</u>
 CASH AND CASH EQUIVALENTS – End Of Year	 <u>\$ 136,661</u>	 <u>\$ 81,688</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Organization was incorporated as a non-profit organization to coordinate and promote economic development in Sullivan County.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Cash And Cash Equivalents

Cash and equivalents consist of unrestricted cash and short-term, highly liquid unrestricted investments that are readily convertible into cash within ninety (90) days of purchase.

D. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

E. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

F. 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 those estimates.

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Revenues

The Organization generates a major portion of its revenues through state and local grants, sponsorships from members and fundraising activities.

H. Income Taxes

The Partnership For Economic Development In Sullivan County, Inc. is exempt from federal income taxes under Section 501 (c) (6) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

I. Equipment

Equipment is carried at cost for purchases and at fair market value for contributions less accumulated depreciation. For financial reporting, the cost of equipment is depreciated over its estimated useful life, ranging from 5 to 7 years, using the straight-line method.

J. Sponsorships

The Organization receives sponsorships from members of the Partnership, which are available for unrestricted use unless specifically restricted by the member.

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – NOTES RECEIVABLE

Notes receivable consist of amounts due from various business entities within Sullivan County. The purpose of these notes is to help local businesses expand and develop.

A schedule of notes receivable at December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
B'Teavone Pizza. – 84 month term loan, due in equal installments of \$638 per month, with interest at 2.00% per annum.	\$ 706	\$ 2,581
Catskill Delaware Outdoors – 84 month term loan, due in equal installments of \$580 per month with interest at 5.75% per annum.	26,168	26,168
Catskill Mountain Photo – 84 month term loan, due in equal installments of \$447 per month, with interest at 2.00% per annum.	-	667
LoCascio's Food – 120 month term loan, due in equal installments of \$460 per month, with interest at 2.00% per annum.	18,990	25,360
Morgan Outdoors – 120 month term loan, due in equal installments of \$460 per month, with interest at 2.00% per annum.	19,364	24,578
Nature Restaurant – 120 month term loan, due in equal installments of \$460 per month, with interest at 2.00% per annum.	19,790	19,790
Deitchman and Sons/Athlete's Foot – 60 month term loan, due in equal installments of \$ 937 per month with interest at 4.00% per annum.	-	10,137
Fire Pit Pizzeria & Sports Lounge – 60 month term loan, due in equal installments of \$ 573 per month, with interest at 2.00% per annum.	5,125	5,125

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – NOTES RECEIVABLE (Continued)

	<u>2011</u>	<u>2010</u>
JBSR Enterprises/Vino – 60 month term loan, due in equal installments of \$ 359 per month, with interest at 2.00% per annum.	\$ -	\$ 2,125
Kings Catering – 60 month term loan, due in equal installments of \$649 per month, with interest at 5.50% per annum.	14,807	14,807
Munson Diner Corp. – 120 month term loan, due in equal installments of \$530 per month, with interest at 5.00% per annum.	36,395	36,395
Sara’s Gourmet – 60 month term loan, due in equal installments of \$921 per month, with interest at 4.00% per annum.	27,905	37,627
49 Main St. LLC – 60 month term loan, due in equal installments of \$460 per month, with interest at 4.00% per annum.	19,209	23,865
Advanced Energy Systems – 60 month term loan, due in equal installments of \$400 per month, with interest at 4.00% per annum.	15,259	19,619
Catskill Distilling Co. – 60 month term loan, due in equal installments of \$921 per month, with interest at 4.00% per annum.	38,420	46,968
Pellah Farms – 60 month term loan, due in equal installments of \$921 per month, with interest at 4.00% per annum.	37,627	47,730
Premier Care Physical Therapy – 60 month term loan, due in equal installments of \$921 per month, with interest at 4.00% per annum.	39,997	49,197
Spencer Daniels Agency – 60 month term loan, due in equal installments of \$921 per month, with interest at 4.00% per annum.	36,097	44,405

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – NOTES RECEIVABLE (Continued)

	<u>2011</u>	<u>2010</u>
Woodridge Segway Tours – 60 month term loan, due in equal installments of \$921 per month, with interest at 4.00% per annum.	\$ 39,210	\$ 47,728
Carmine’s Meat Market – 60 month term loan, due in equal installments of \$553 per month, with interest at 4.00% per annum.	27,261	-
Holiday Mountain Fun Park – 60 month term loan, due in equal installments of \$175 per month, with interest at 2.00% per annum.	10,000	-
Miss Monticello Diner – 60 month term loan, due in equal installments of \$88 per month, with interest at 2.00% per annum.	5,000	-
The Old Gristmill – 60 month term loan, due in equal installments of \$175 per month, with interest at 2.00% per annum.	<u>10,000</u>	<u>-</u>
	<u>\$ 447,330</u>	<u>\$ 484,872</u>

NOTE 3 - CONTINGENCIES

The Organization receives much of its revenue from various agencies in the form of grants and contracts. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to, and audited by the agencies. Therefore, there exists a contingency to refund any amount received in excess of allowable costs.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Revolving Loans	<u>\$ 653,626</u>	<u>\$ 582,697</u>
	<u>\$ 653,626</u>	<u>\$ 582,697</u>

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2011</u>	<u>2010</u>
Purpose Restrictions Accomplished:		
SC Matching Funds Grant	\$ 75,000	\$ 90,000
NYSEG Grant	-	15,694
SC IDA Executive Director Funding	10,000	20,000
Disaster Relief Grant	10,000	-
Administrative Costs	<u>4,966</u>	<u>23,146</u>
TOTAL	<u>\$ 99,966</u>	<u>\$ 148,840</u>

NOTE 6 – EXPENSES

	<u>PROGRAM EXPENSES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>2011 TOTALS</u>	<u>2010 TOTALS</u>
Payroll	\$ -	\$ 38,190	\$ 38,190	\$ 124,000
Payroll Taxes	-	2,922	2,922	8,692
Fringe Benefits	-	-	-	8,871
Payroll Service	-	1,688	1,688	2,503
Consulting Fees	45,750	-	45,750	20,000
Accounting Fees	-	8,000	8,000	2,007
Telephone	-	3,374	3,374	7,217
Travel Expense	1,312	-	1,312	7,640
Advertising & Marketing	11,594	-	11,594	13,970
Office Expense	646	5,042	5,688	9,178
Insurance	4,243	1,780	6,023	6,646
Meals and Entertainment	979	-	979	1,742
Miscellaneous	-	8,100	8,100	7,069
Dues And Subscriptions	1,123	-	1,123	10,349
Professional Fees	40,625	11,300	51,925	7,145
Postage	1,895	-	1,895	1,671
Depreciation	-	2,041	2,041	3,026
Rent	-	19,182	19,182	30,770
Education and Seminars	1,868	-	1,868	1,958
Website	52	-	52	5,247
Disaster Relief Grant	10,000	-	10,000	-
NYSEG Grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,694</u>
TOTAL	<u>\$ 120,087</u>	<u>\$ 101,619</u>	<u>\$ 221,706</u>	<u>\$ 295,395</u>

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 6 – EXPENSES (Continued)

	<u>PROGRAM EXPENSES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>2010 TOTALS</u>	<u>2009 TOTALS</u>
Payroll	\$ 93,000	\$ 31,000	\$ 124,000	\$ 224,563
Payroll Taxes	6,320	2,372	8,692	15,863
Fringe Benefits	8,871	-	8,871	13,866
Payroll Service	-	2,503	2,503	1,646
Consulting Fees	20,000	-	20,000	-
Accounting Fees	-	2,007	2,007	10,000
Telephone	-	7,217	7,217	4,662
Travel Expense	7,640	-	7,640	5,817
Advertising & Marketing	13,970	-	13,970	32,954
Office Expense	-	9,178	9,178	8,770
Insurance	4,866	1,780	6,646	2,360
Meals and Entertainment	1,742	-	1,742	4,738
Miscellaneous	1,342	5,727	7,069	5,866
Dues And Subscriptions	10,349	-	10,349	20,457
Legal Fees	3,645	3,500	7,145	3,190
Postage	1,671	-	1,671	1,914
Depreciation	-	3,026	3,026	3,212
Rent	-	30,770	30,770	27,354
Education and Seminars	1,958	-	1,958	2,362
Website	5,247	-	5,247	-
NYSEG Grant	15,694	-	15,694	14,306
NY Main Street Grant	-	-	-	125,000
TOTAL	<u>\$ 196,315</u>	<u>\$ 99,080</u>	<u>\$ 295,395</u>	<u>\$ 528,900</u>

NOTE 7 – LEASED FACILITIES

The Organization leases office space at 198 Bridgeville Rd. Monticello, New York. The original lease term covered the period from June 1, 2006 through May 31, 2011 at a cost of \$28,600 annually subject to annual increases of 3% beginning on January 1, 2008. The Organization renegotiated the lease and the new terms cover the period from February 1, 2011 through January 31, 2016 at a cost of \$1,500 per month.

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT
IN SULLIVAN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 8- DEFERRED REVENUES

Deferred revenues were made up of the following as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Sponsorships	<u>\$ 41,100</u>	<u>\$ 42,550</u>

NOTE 9 – EVENTS OCCURRING AFTER REPORTING DATE

The Organization has evaluated events and transactions that occurred between December 31, 2011 and January 31, 2012, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.