

SARATOGA COUNTY PROSPERITY
PARTNERSHIP, INC.

(A Component Unit of the County of Saratoga, New York)

Financial Statements

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

SARATOGA COUNTY PROSPERITY PARTNERSHIP, INC.
(A Component Unit of the County of Saratoga, New York)

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 7
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	8 - 9

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Saratoga County Prosperity Partnership, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Saratoga County Prosperity Partnership, Inc. (the Partnership), a component unit of the County of Saratoga, New York, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits 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 Partnership'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 Partnership'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 that 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 Saratoga County Prosperity Partnership, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows 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 20, 2017, on our consideration of the Partnership'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 the Partnership's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 20, 2017

SARATOGA COUNTY PROSPERITY PARTNERSHIP, INC.
(A Component Unit of the County of Saratoga, New York)
Statements of Financial Position
December 31, 2016 and 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Cash and equivalents	\$ 46,952	308,069
Prepaid expenses:		
Rent	-	3,107
Marketing	5,000	6,500
Business recruiting activity	<u>6,000</u>	<u>-</u>
Total prepaid expenses	<u>11,000</u>	<u>9,607</u>
Total current assets	<u>57,952</u>	<u>317,676</u>
Property and equipment, at cost:		
Property and equipment	15,354	-
Less accumulated depreciation	<u>(1,097)</u>	<u>-</u>
Net property and equipment	<u>14,257</u>	<u>-</u>
Total assets	<u>\$ 72,209</u>	<u>317,676</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	7,113	-
Accrued payroll	12,701	11,714
Due to Saratoga County	<u>23,166</u>	<u>305,962</u>
Total current liabilities	<u>42,980</u>	<u>317,676</u>
Net assets:		
Restricted for property and equipment	14,257	-
Unrestricted net assets	<u>14,972</u>	<u>-</u>
Total net assets	<u>29,229</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 72,209</u>	<u>317,676</u>

See accompanying notes to financial statements.

SARATOGA COUNTY PROSPERITY PARTNERSHIP, INC.
(A Component Unit of the County of Saratoga, New York)
Statements of Activities
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Restricted revenue - County contract revenue	\$ 754,834	518,025
Unrestricted revenue:		
Other grant income	4,547	-
Event income	<u>10,425</u>	<u>-</u>
Total unrestricted revenue	<u>14,972</u>	<u>-</u>
Total revenue	<u>769,806</u>	<u>518,025</u>
Expenses:		
Contractual expenses:		
Consulting	-	12,769
Legal	<u>25,908</u>	<u>13,166</u>
Total contractual expenses	<u>25,908</u>	<u>25,935</u>
General operating expenses:		
Insurance	6,838	1,550
Office supplies	3,021	12,189
Dues and memberships	17,580	43,163
Rent	33,939	30,233
Communications	4,831	14,163
Salaries	324,646	136,638
Payroll service	1,351	966
Payroll taxes	29,033	13,761
Employee benefits	29,760	12,902
Marketing	69,457	167,869
Office furniture	4,475	3,000
Program expenses	136,644	-
Travel	20,651	-
Depreciation	1,097	-
Utilities	8,404	-
Miscellaneous	<u>22,942</u>	<u>55,656</u>
Total general and operating expenses	<u>714,669</u>	<u>492,090</u>
Total expenses	<u>740,577</u>	<u>518,025</u>
Change in net assets	29,229	-
Net assets at beginning of year	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 29,229</u>	<u>-</u>

See accompanying notes to financial statements.

SARATOGA COUNTY PROSPERITY PARTNERSHIP, INC.
(A Component Unit of the County of Saratoga, New York)
Statements of Cash Flows
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 29,229	-
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation expense	1,097	-
Changes in:		
Prepaid expenses	(1,393)	(9,607)
Accounts payable	7,113	-
Accrued payroll	987	11,714
Due to Saratoga County	<u>(282,796)</u>	<u>(75,616)</u>
Net cash used in operating activities	(245,763)	(73,509)
Cash flows from investing activities - additions to property and equipment	<u>(15,354)</u>	<u>-</u>
Net decrease in cash	(261,117)	(73,509)
Cash and equivalents at beginning of year	<u>308,069</u>	<u>381,578</u>
Cash and equivalents at end of year	<u>\$ 46,952</u>	<u>308,069</u>

See accompanying notes to financial statements.

SARATOGA COUNTY PROSPERITY PARTNERSHIP, INC.
(A Component Unit of the County of Saratoga, New York)

Notes to Financial Statements

December 31, 2016 and 2015

(1) Organization

The Saratoga County Prosperity Partnership, Inc. (the Partnership) is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. The Partnership is an instrumentality of, but separate and apart from the County of Saratoga, New York (the County). Although legally separate from the County, the Partnership is a component unit of the County and, accordingly, is included in the County's financial statements as a discretely presented component unit.

The Partnership's mission is to publicize and promote the advantages of the County and the Region as a place where employers and entrepreneurs can successfully locate new and expanded operations. The Partnership, through its promotional program, shall attract and encourage prospective employers in a wide range of economic activity, including but not limited to manufacturing, agri-business, education, clean and renewable energy production and technology, business services, international trade, high tech and broadband services and infrastructure, information technology, research, and tourism to locate to or expand within the County.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Partnership has prepared its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Partnership reports 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 Partnership had restricted and unrestricted net assets as of December 31, 2016. The Partnership had no net assets as of December 31, 2015.

(c) Cash and Cash Equivalents

The Partnership considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

SARATOGA COUNTY PROSPERITY PARTNERSHIP, INC.
(A Component Unit of the County of Saratoga, New York)
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America require the Partnership's management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(e) Subsequent Events

The Partnership has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(f) Tax Status

The Partnership is exempt from income tax under Section 501(c)(3) of the Internal Revenue code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Partnership has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Partnership presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Partnership has taken no uncertain tax positions that require adjustment to its financial statements. U.S. Forms 990 filed by the Partnership are subject to examination by taxing authorities.

(3) Transactions with the County of Saratoga

The Partnership receives a contract each year from the County. All unused funds must be returned at the end of the year. In 2016 and 2015, the County appropriated \$778,000 and \$800,000, respectively, to the Partnership. The Partnership owes back a total of \$23,166 and \$305,962 in 2016 and 2015, respectively. In 2015 \$281,975 is related to the 2015 contract award, and \$23,987 due to the 2014 contract award.

(4) Related Party Transactions

A Board member is President of the entity that owns the building the Partnership leases. The Partnership paid \$33,939 and \$30,233 during the years ended December 31, 2016 and 2015, respectively.

A member of the Board is an officer of the financial institution that the Partnership utilizes.

A member of the Board is the owner of the company that is the custodian to the Partnership's 401(k) Plan. The Partnership contributed \$6,391 during the year ended December 31, 2016.

**INDEPENDENT AUDITORS' 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**

The Board of Directors
Saratoga County Prosperity Partnership, Inc.:

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 Saratoga County Prosperity Partnership, Inc. (the Partnership), a component unit of the County of Saratoga, New York, which comprise the statement of financial position as of December 31, 2016, 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 March 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Partnership'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 the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership'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 Partnership'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 the Partnership'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 Partnership'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 Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 20, 2017