

**SARATOGA COUNTY PROSPERITY
PARTNERSHIP, INC.**

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

FINANCIAL STATEMENT

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Saratoga County Prosperity Partnership, Inc.
Malta, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Saratoga County Prosperity Partnership, Inc. (a nonprofit organization), a component unit of the County of Saratoga, New York, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' 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 auditors' 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 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, 2019 and 2018, 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 3, 2020, on our consideration of Saratoga County Prosperity Partnership, Inc.'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 Saratoga County Prosperity Partnership, Inc.'s internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Saratoga Springs, New York
March 3, 2020

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

| - ASSETS - | <u>2019</u> | <u>2018</u> |
|---|--------------------|--------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 53,865 | \$ 57,681 |
| Accounts receivable | 7,031 | 19,550 |
| Prepaid expenses | 21,522 | 7,819 |
| Total current assets | 82,418 | 85,050 |
| PROPERTY AND EQUIPMENT: | | |
| Property and equipment | 16,744 | 16,744 |
| Less accumulated depreciation | (4,840) | (3,538) |
| Property and equipment - net | 11,904 | 13,206 |
| TOTAL ASSETS | \$ 94,322 | \$ 98,256 |
| - LIABILITIES AND NET ASSETS - | | |
| LIABILITIES: | | |
| Accounts payable | \$ 15,618 | \$ 18,853 |
| Accrued expenses | 4,337 | 15,735 |
| Deferred revenue | 2,500 | 0 |
| Total liabilities | 22,455 | 34,588 |
| NET ASSETS: | | |
| Without donor restrictions | 71,867 | 63,668 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 94,322 | \$ 98,256 |

See accompanying notes and independent auditors' report.

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

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|----------------|----------------|
| REVENUES: | | |
| County revenue | | |
| General fund | \$ 274,659 | \$ 231,827 |
| Occupancy tax | 500,341 | 543,173 |
| Grant income | 13,147 | 18,006 |
| Event income | 43,895 | 67,347 |
| | 832,042 | 860,353 |
| EXPENSES: | | |
| Contractual expenses: | | |
| Legal | 32,204 | 32,259 |
| | 32,204 | 32,259 |
| Total contractual expenses | 32,204 | 32,259 |
| General and operating expenses: | | |
| Depreciation | 1,302 | 1,302 |
| Dues and memberships | 2,880 | 14,401 |
| Employee benefits | 70,470 | 60,960 |
| Insurance | 10,333 | 9,017 |
| Marketing | 88,757 | 99,644 |
| Miscellaneous | 22,137 | 23,767 |
| Office furniture | 4,385 | 1,250 |
| Office supplies | 4,313 | 2,367 |
| Payroll service | 4,533 | 4,619 |
| Payroll taxes | 26,293 | 24,689 |
| Program expenses | 127,294 | 191,652 |
| Rent | 37,405 | 37,405 |
| Salaries | 371,854 | 342,409 |
| Travel | 14,774 | 13,054 |
| Utilities | 4,909 | 6,496 |
| | 791,639 | 833,032 |
| Total general and operating expenses | 791,639 | 833,032 |
| | 823,843 | 865,291 |
| Total expenses | 823,843 | 865,291 |
| Change in net assets | 8,199 | (4,938) |
| Net assets - beginning of year | 63,668 | 68,606 |
| Net assets - end of year | \$ 71,867 | \$ 63,668 |

See accompanying notes and independent auditors' report.

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

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | | |
|----------------------|-------------------|-----------------------------------|-------------------|
| | Program | Management and General | Total |
| Legal | \$ 0 | \$ 32,204 | \$ 32,204 |
| Depreciation | 0 | 1,302 | 1,302 |
| Dues and memberships | 2,880 | 0 | 2,880 |
| Employee benefits | 42,705 | 27,765 | 70,470 |
| Insurance | 0 | 10,333 | 10,333 |
| Marketing | 72,954 | 15,803 | 88,757 |
| Miscellaneous | 0 | 22,137 | 22,137 |
| Office furniture | 0 | 4,385 | 4,385 |
| Office supplies | 0 | 4,313 | 4,313 |
| Payroll service | 0 | 4,533 | 4,533 |
| Payroll taxes | 15,934 | 10,359 | 26,293 |
| Program expenses | 127,294 | 0 | 127,294 |
| Rent | 12,344 | 25,061 | 37,405 |
| Salaries | 225,344 | 146,510 | 371,854 |
| Travel | 8,953 | 5,821 | 14,774 |
| Utilities | 245 | 4,664 | 4,909 |
| TOTALS | \$ 508,653 | \$ 315,190 | \$ 823,843 |

| | 2018 | | |
|----------------------|-------------------|-----------------------------------|-------------------|
| | Program | Management and General | Total |
| Legal | \$ 0 | \$ 32,259 | \$ 32,259 |
| Depreciation | 0 | 1,302 | 1,302 |
| Dues and memberships | 14,401 | 0 | 14,401 |
| Employee benefits | 36,942 | 24,018 | 60,960 |
| Insurance | 0 | 9,017 | 9,017 |
| Marketing | 92,015 | 7,629 | 99,644 |
| Miscellaneous | 0 | 23,767 | 23,767 |
| Office furniture | 0 | 1,250 | 1,250 |
| Office supplies | 0 | 2,367 | 2,367 |
| Payroll service | 0 | 4,619 | 4,619 |
| Payroll taxes | 14,962 | 9,727 | 24,689 |
| Program expenses | 191,652 | 0 | 191,652 |
| Rent | 12,344 | 25,061 | 37,405 |
| Salaries | 207,500 | 134,909 | 342,409 |
| Travel | 7,911 | 5,143 | 13,054 |
| Utilities | 325 | 6,171 | 6,496 |
| TOTALS | \$ 578,052 | \$ 287,239 | \$ 865,291 |

See accompanying notes and independent auditors' report.

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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets | \$ 8,199 | \$ (4,938) |
| Adjustments to reconcile changes in net assets to net cash (used) by operating activities: | | |
| Depreciation | 1,302 | 1,302 |
| (Increase) decrease in: | | |
| Accounts receivable | 12,519 | (18,550) |
| Prepaid expenses | (13,703) | (1,354) |
| Increase (decrease) in: | | |
| Accounts payable | (3,235) | 1,865 |
| Accrued expenses | (11,398) | (371) |
| Deferred revenue | 2,500 | 0 |
| | <hr/> | <hr/> |
| Net cash (used) by operating activities | (3,816) | (22,046) |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | (3,816) | (22,046) |
| CASH AND CASH EQUIVALENTS - BEGINNING | 57,681 | 79,727 |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS - ENDING | \$ 53,865 | \$ 57,681 |
| | <hr/> <hr/> | <hr/> <hr/> |

See accompanying notes and independent auditors' report.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Saratoga County Prosperity Partnership, Inc. (the Partnership), is a special purpose 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.

Basis of Accounting and Presentation

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

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Partnership and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to imposed restrictions and may be expended for any purpose in performing the primary objectives of the Partnership. The Partnership's Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Partnership or by the passage of time. Other donor restrictions are perpetual in nature where by the donor has stipulated that the funds be maintained in perpetuity. The Partnership had no net assets with donor restriction as of December 31, 2019 and 2018.

Financial Statement Presentation

The financial statements are presented in accordance with *Not-for-Profit Entities* (FASB ASC), which requires the Partnership to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less, or which are redeemable on demand. Fair value approximates carrying amounts.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Revenue Recognition

The Partnership adopted ASC Topic 606, *Revenue from Contracts with Customers*, on January 1, 2019. The Partnership's financial results for reporting periods beginning January 1, 2019, are presented under the new accounting standard. Based on the manner in which the Partnership historically recognized revenue, the adoption of ASC 606 did not have a material impact on the amount or timing of its revenue recognition and the Partnership recognized no cumulative effect adjustment upon adoption.

County Revenue: The Partnership has a contract with the County of Saratoga to provide economic development. As per the contract, the Partnership is allotted 50% of the county occupancy tax receipts. The full year occupancy tax amount is estimated by the County at the beginning of the year and provided to the Partnership in advance of the County's collection of funds. Additional funds may also be provided to the Partnership from the County General fund. The additional General Fund amount is determined by the County and provided in full at the beginning of the year. At year end, reconciliation is completed and any unused General Fund balance is returned to the County at a rate of 50%. The Partnership recognizes revenue after the year end reconciliation has been performed.

Event Income: The Partnership records event revenue when the event takes place, which satisfies the performance obligation.

Grant Revenue: The Partnership receives small grants from time to time and recognizes revenue as it meets the grant terms and requests draw downs.

Accounts Receivable

The Partnership does not maintain any allowance for estimated uncollectible accounts. It is management's opinion that all receivables are collectible.

Income Taxes

Saratoga County Prosperity Partnership, Inc., is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provisions for taxes in the accompanying 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.

Uncertain Tax Positions

The Partnership files information returns in its U.S. federal jurisdiction and New York State. The Partnership's returns for its years ended December 31, 2019, 2018 and 2017, are subject to U.S. federal and New York State examination.

The Partnership follows the provision of uncertain tax positions as addressed in FASB ASC 740. The Partnership has been granted tax exempt status as a nonprofit organization, which management believes would be accepted upon examination by the taxing authorities. Management has determined that it currently has no other uncertain tax positions to report for the year ended December 31, 2019.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Functional Expenses

The cost of providing certain activities of the Partnership have been summarized on a functional basis in the statement of functional expenses. Certain categories of expenses are attributable to the operation of the Partnership and administrative support. These expenses include rent, utilities, salaries, payroll taxes and other benefits. Rent and utilities have been allocated based on a square footage basis. Other expenses are allocated based on estimates of time and effort.

Advertising Costs

The Partnership's policy is to expense advertising costs in the period in which incurred. Advertising expense for the years ended December 31, 2019 and 2018 was \$88,757 and \$99,644, respectively.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost when purchased. Property and equipment, with an original cost of \$1,000 or greater, are capitalized when purchased. Repairs and maintenance are expensed and betterments that extend the life or capacity of the asset are capitalized. Depreciation is recorded on the straight-line basis. The useful life used to depreciate assets are as follows:

| | |
|------------------------|----------|
| Leasehold Improvements | 10 years |
| Equipment | 5 years |
| Furniture/Fixtures | 7 years |

NOTE 2 – DUE (TO) FROM THE COUNTY OF SARATOGA

The Partnership receives a contract each year from the County; 50% of all unused general fund monies must be returned at the end of the year. In 2019 and 2018, the County appropriated \$274,659 and \$231,827, respectively, to the Partnership. The Partnership owed \$-0- as of December 31, 2019 and 2018.

NOTE 3 – RELATED PARTY TRANSACTIONS

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

A board member is the owner of a company that is the custodian of the Partnership's 401k retirement plan. The Partnership contributed \$17,980 and \$27,869 to the plan during the years ended December 31, 2019 and 2018, respectively.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 4 – LEASE COMMITMENTS

The Partnership rents office space in Malta, New York under a lease agreement ending January 31, 2020. The lease states that the Partnership will pay a base rent of \$2,162.33 per month with an additional amount based on operating costs to be calculated by the landlord annually through January 31, 2020.

Rent expense totaled \$37,405 for the years ending December 31, 2019 and 2018.

NOTE 5 – LIQUIDITY

The Partnership has a policy of consistently monitoring cash flow and liquidity to confirm it is able to meet operating and contractual commitments. With over 90% of revenue being received at the beginning of the year there is a strong sense of monthly overhead expenses and cash needs. The Partnership is prudent in spending and tracks this to the budget on a monthly basis.

The Partnership maintains sufficient operating cash on hand to support its operations. There are no restrictions on its operating cash account, therefore at December 31, 2019, the Partnership had \$53,865 of cash on hand to meet general expenditures within one year. The Partnership has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

| | <u>2019</u> | <u>2018</u> |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | \$ 53,865 | \$ 57,681 |
| Accounts receivable | 7,031 | 19,550 |
| | <u>\$ 60,896</u> | <u>\$ 77,231</u> |

NOTE 6 – SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through the issuance date of the report. None were considered material to the issued financial statement.



**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**

To the Board of Directors
Saratoga County Prosperity Partnership, Inc.
Malta, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Saratoga County Prosperity Partnership, Inc., as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Saratoga County Prosperity Partnership, Inc.'s basic financial statements, and have issued our report thereon dated March 3, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Saratoga County Prosperity Partnership, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Saratoga County Prosperity Partnership, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Saratoga County Prosperity Partnership, Inc.'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 Saratoga County Prosperity Partnership, Inc.'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 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.

WEST & COMPANY CPAs PC

Saratoga Springs, New York
March 3, 2020