

**JEFFERSON COUNTY AGRICULTURAL
DEVELOPMENT CORPORATION**

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REPORT ON AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009

JEFFERSON COUNTY AGRICULTURAL DEVELOPMENT CORPORATION

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POULSEN & PODVIN, CPA, P.C.

Certified Public Accountants

145 Clinton St.

Watertown NY 13601

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jefferson County Agricultural Development Corporation

We have audited the accompanying statements of assets, liabilities, and net assets – cash basis of Jefferson County Agricultural Development Corporation (a nonprofit organization) as of September 30, 2010 and 2009, and the related statements of support, revenue, and expenses and other changes in net assets – cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Jefferson County Agricultural Development Corporation as of September 30, 2010 and 2009, and its support, revenue, and expenses and other changes in net assets for the years then ended, on the basis of accounting described in Note 1.

In accordance with **Government Auditing Standards**, we have also issued our report dated December 9, 2010, on our consideration of Jefferson County Agricultural 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

Poulsen & Podvin, CPA, P.C.

DECEMBER 9, 2010

JEFFERSON COUNTY AGRICULTURAL DEVELOPMENT CORPORATION

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STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
SEPTEMBER 30, 2010 AND 2009

ASSETS	2010	2009
Current Assets:		
Cash and cash equivalents (Note 2)	\$ 105,096	\$ 102,574
Total Current Assets	<u>105,096</u>	<u>102,574</u>
Fixed Assets - net of accumulated depreciation (Note 3)	<u>2,619</u>	<u>1,492</u>
TOTAL ASSETS	<u>\$ 107,715</u>	<u>\$ 104,066</u>
LIABILITIES AND NET ASSETS		
Net Assets:		
Unrestricted	\$ 95,715	\$ 92,066
Temporarily Restricted (Note 5)	<u>12,000</u>	<u>12,000</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 107,715</u>	<u>\$ 104,066</u>

The accompanying notes are an integral part of these financial statements.

JEFFERSON COUNTY AGRICULTURAL DEVELOPMENT CORPORATION

STATEMENTS OF SUPPORT, REVENUE AND EXPENSES AND
OTHER CHANGES IN NET ASSETS - CASH BASIS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	-----2010-----		
	Unrestricted	Temporarily Restricted	Total
Support - Grants:			
Jefferson County	\$ 135,000	\$ -	\$ 135,000
NYFVI - Dairy Profit Team Initiative	-	5,745	5,745
JCIDA - Dairy Profit Team Initiative	-	-	-
NYS Empire State Development - Environmental Investment G	-	-	-
Dairy Marketing Initiative	-	1,000	1,000
Revenues:			
Contributions	3,770	-	3,770
Membership dues	4,050	-	4,050
Interest	365	-	365
Other	5,141	-	5,141
Net assets released from restrictions (Note 5):			
Satisfaction of program restrictions	<u>6,745</u>	<u>(6,745)</u>	<u>-</u>
Total Support and Revenue	<u>155,071</u>	<u>-</u>	<u>155,071</u>
Expenses:			
Program Services - Agricultural industry enhancement:			
Salaries	-	-	-
Employee benefits	-	-	-
Management fees	71,822	-	71,822
Supplies	4,784	-	4,784
Rent	5,300	-	5,300
Utilities	4,009	-	4,009
Travel	2,615	-	2,615
Dues and subscriptions	1,951	-	1,951
Depreciation	763	-	763
Insurance	773	-	773
Website maintenance	574	-	574
Fundraising	328	-	328
Annual meeting	2,503	-	2,503
Dairy Profit Team Initiative	4,535	-	4,535
Dairy Marketing Initiative	8,554	-	8,554
Agricultural development and marketing	<u>3,223</u>	<u>-</u>	<u>3,223</u>
Total Program Services	<u>111,734</u>	<u>-</u>	<u>111,734</u>
Support Services - General and Administrative:			
Salaries	-	-	-
Employee benefits	-	-	-
Management fees	30,363	-	30,363
Administrative fees	6,000	-	6,000
Professional fees	<u>3,325</u>	<u>-</u>	<u>3,325</u>
Total Support Services	<u>39,688</u>	<u>-</u>	<u>39,688</u>
Total Expenses	<u>151,422</u>	<u>-</u>	<u>151,422</u>
Changes in Net Assets	3,649	-	3,649
Net Assets, Beginning	<u>92,066</u>	<u>12,000</u>	<u>104,066</u>
Net Assets, Ending	<u>\$ 95,715</u>	<u>\$ 12,000</u>	<u>\$ 107,715</u>

The accompanying notes are an integral part of these financial statements.

	-----2009-----		
	Unrestricted	Temporarily Restricted	Total
Support - Grants:			
Jefferson County	\$ 135,000	\$ -	\$ 135,000
NYFVI - Dairy Profit Team Initiative	-	28,947	28,947
JCIDA - Dairy Profit Team Initiative	-	12,000	12,000
NYS Empire State Development - Environmental Investment Gra	655	-	655
Dairy Marketing Initiative	-	-	-
Revenues:			
Contributions	1,605	-	1,605
Membership dues	3,000	-	3,000
Interest	433	-	433
Other	6,278	-	6,278
Net assets released from restrictions (Note 5):			
Satisfaction of program restrictions	28,947	(28,947)	-
Total Support and Revenue	<u>175,918</u>	<u>12,000</u>	<u>187,918</u>
Expenses:			
Program Services - Agricultural industry enhancement:			
Salaries	56,370	-	56,370
Employee benefits	18,994	-	18,994
Management fees	-	-	-
Supplies	4,931	-	4,931
Rent	4,300	-	4,300
Utilities	2,543	-	2,543
Travel	3,304	-	3,304
Dues and subscriptions	2,013	-	2,013
Depreciation	542	-	542
Insurance	692	-	692
Website maintenance	1,316	-	1,316
Fundraising	-	-	-
Annual meeting	2,130	-	2,130
Dairy Profit Team Initiative	21,569	-	21,569
Dairy Marketing Initiative	-	-	-
Agricultural development and marketing	3,859	-	3,859
Total Program Services	<u>122,563</u>	<u>-</u>	<u>122,563</u>
Support Services - General and Administrative:			
Salaries	26,571	-	26,571
Employee benefits	4,748	-	4,748
Management fees	-	-	-
Administrative fees	6,000	-	6,000
Professional fees	840	-	840
Total Support Services	<u>38,159</u>	<u>-</u>	<u>38,159</u>
Total Expenses	<u>160,722</u>	<u>-</u>	<u>160,722</u>
Changes in Net Assets	15,196	12,000	27,196
Net Assets, Beginning	<u>76,870</u>	<u>-</u>	<u>76,870</u>
Net Assets, Ending	<u>\$ 92,066</u>	<u>\$ 12,000</u>	<u>\$ 104,066</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

Note 1 – Summary of Significant Accounting Policies:

Nature of Activities

Jefferson County Agricultural Development Corporation was created for the purpose of developing, promoting, enhancing and retaining the agricultural industry and its associated employment base within Jefferson County, NY.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements of Jefferson County Agricultural Development Corporation have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Support and revenue is recognized when received and expenses are recorded when paid.

Financial Statement Presentation

Financial statement presentation follows the recommendation of FASB Accounting Standards Codification No. 958, *Not-for-Profit Entities: Presentation of Financial Statements* and the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

- Unrestricted Net Assets—not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.
- Temporarily Restricted Net Assets—subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.
- Permanently Restricted Net Assets—subject to donor-imposed stipulations that they be retained and invested permanently by the Organization.

The organization has no permanently restricted net assets.

Use of Estimates

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

JEFFERSON COUNTY AGRICULTURAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

Date of Management's Review

Management has evaluated subsequent events through December 9, 2010, the date which the financial statements were available to be issued.

Support and Revenue

Jefferson County Agricultural Development Corporation receives substantially all its grants and contract revenue from State, County, City and local agencies. The Organization also receives membership dues.

Donated Services and Noncash Gifts

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles.

Property and Equipment

Property and equipment are recorded at cost. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. For financial reporting purposes, the costs of property and equipment are depreciated over the estimated useful lives as follows:

Category	Method	Estimated Life Years
Furniture, fixtures and office equipment	S/L	5 to 10
Computer software	S/L	4

Note 2 – Cash and Cash Equivalents:

The detail of cash and cash equivalents at September 30, 2010 and 2009 were as follows:

	2010	2009
Checking accounts	\$ 629	\$ 1,743
Interest bearing accounts	104,467	100,831
	<u>\$ 105,096</u>	<u>\$ 102,574</u>

JEFFERSON COUNTY AGRICULTURAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

Note 3 – Fixed Assets:

The major categories of fixed assets as of September 30, 2010 and 2009 are summarized as follows:

	2010	2009
Furniture, fixtures and office equipment	\$ 15,966	\$ 14,076
Computer software	593	593
	<u>16,559</u>	<u>14,669</u>
Less - accumulated depreciation	(13,940)	(13,177)
	<u>\$ 2,619</u>	<u>\$ 1,492</u>

Note 4 – Commitments and Contingencies:

Office Lease

The Organization leases its office facilities on an annual basis through September 30, 2010. Rent expense was \$5,300 and \$4,300 for the years ended September 30, 2010 and 2009, respectively.

Note 5 – Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes or periods at September 30, 2010 and 2009:

	2010	2009
Dairy Profit Team	<u>\$ 12,000</u>	<u>\$ 12,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2010	2009
Purpose Restriction Accomplished:		
Dairy Marketing Initiative	\$ 1,000	\$ -
Dairy Profit Team	5,745	28,947
	<u>\$ 6,745</u>	<u>\$ 28,947</u>

JEFFERSON COUNTY AGRICULTURAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

Note 6 – Restricted Resources:

The Organization received revenues from the following sources during the years ended September 30, 2010 and 2009:

	2010	2009
NYFVI- Dairy Profit Team Initiative	\$ 5,745	\$ 28,947
JCIDA - Dairy Profit Team Initiative	-	12,000
JCFB-Dairy Marketing Initiative	1,000	-
	<u>\$ 6,745</u>	<u>\$ 40,947</u>

POULSEN & PODVIN, CPA, P.C.

Certified Public Accountants

145 Clinton St.

Watertown NY 13601

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
Jefferson County Agricultural Development Corporation

We have audited the financial statements of Jefferson County Agricultural Development Corporation (a nonprofit organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated December 9, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County Agricultural Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County Agricultural Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting, listed as item 2010-1. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County Agricultural Development Corporation's financial statements are free of 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2010-2.

Jefferson County Agricultural Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Jefferson County Agricultural Development Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Poulsen & Podvin, CPA, P.C.

December 9, 2010

JEFFERSON COUNTY AGRICULTURAL DEVELOPMENT CORPORATION

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SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Internal Control Over Financial Reporting

Significant Deficiency

2010-1 - Preparation of Financial Statements

Condition: Management is unable to prepare the financial statements in accordance with the cash basis of accounting and relies on external auditor to prepare the financial statements, which also includes preparation of various journal entries.

Criteria: Management needs to exercise control over the preparation of its financial statements. To exercise control, management must possess the necessary accounting expertise to prevent, detect and correct a potential misstatement in its financial statements.

Effect: Management may not be able to detect and correct potential misstatements in its financial statements

Recommendation: The Board of Directors should be aware that this condition is a significant deficiency and will be in future years unless management is able to prepare their financial statements in accordance with the cash basis of accounting.

Management's Response: The Organization currently has its staff perform day-to-day bookkeeping duties and prepare financial statements using QuickBooks software. At year-end, the organization contracts with an outside auditing firm to prepare its audited financial statements. The organization recognizes that this is viewed as a significant deficiency; however, it is not financially feasible at this time to hire someone with the expertise to prepare the financial statements.

JEFFERSON COUNTY AGRICULTURAL DEVELOPMENT CORPORATION

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SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Compliance and Other Matters

2010-2 - Public Authority Accountability Act Requirements

Condition: We noted that the Organization did not have the following policies in place at September 30, 2010, as required by the Public Authority Accountability Act:

- Whistleblower Policy
- Defenses and Indemnification Policy
- Travel Policy
- Property Disposition Policy
- Compensation, Reimbursement and Attendance Policy
- Conflict of Interest Policy
- Records Retention Policy

Additionally, the following items were not included on the Organization's website at September 30, 2010, as required by the Public Authority Accountability Act:

- Certified Financial Audit
- Report on Operations and Accomplishments
- List of Board Committees
- Performance and Measure Report
- Enabling Statute
- Organization Chart
- Internal Control Certification
- Annual Budget Report

Also, the following items have not been posted to the Public Authorities Reporting Information System (PARIS) as required by the Public Authority Accountability Act:

- 2010-2011 Budget Report
- 2008-2009 Audit Report

Criteria: The Organization needs to be in compliance with the Public Authority Accountability Act. To be in compliance, the above mentioned policies must be in place and the above mentioned items must be present on the Organization's website.

Effect: The Organization is not in compliance with several requirements of the Public Authority Accountability Act.

Recommendation: The Organization should work towards adopting the required policies and getting the required items onto their website.

Management's Response: JCADC is actively working to come into compliance with all Public Authority Accountability Requirements. The Corporation has drafted the above mentioned policies and is working towards adopting said policies. Furthermore, the JCADC is also actively working to update the Corporation's website per PAAA requirements.