

**HILTON LOCAL DEVELOPMENT  
CORPORATION, NEW YORK**

**FINANCIAL STATEMENTS**

**For The Years Ended December 31, 2010 and 2009**

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
<u>Statement 1</u> - Statement of Financial Position	2
<u>Statement 2</u> - Statement of Activities	3
<u>Statement 3</u> - Statement of Cash Flows	4
Notes to Financial Statements	5 - 8
Supplemental	
<u>Schedule 1</u> - Schedule of Investments	9
Report on Compliance and 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	10 - 11

**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

**Shareholders:**

**Raymond F. Wager, CPA**  
**Thomas J. Lauffer, CPA**  
**Thomas C. Zuber, CPA**

Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

To the Council Members of  
Hilton Local Development  
Corporation, New York

We have audited the accompanying statement of financial position of the Hilton Local Development Corporation, New York as of December 31, 2010 and 2009, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Hilton Local Development Corporation, New York's management. 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 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hilton Local Development Corporation, New York as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2011 on our consideration of the Hilton Local Development Corporation, New York's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's financial statements. The accompanying supplemental schedule of investments is presented for purposes of additional analysis and is not a required part of the financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

March 2, 2011



**HILTON LOCAL DEVELOPMENT  
CORPORATION, NEW YORK  
Statement of Financial Position  
December 31, 2010 and 2009**

<b><u>ASSETS:</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b><u>Current Assets -</u></b>		
Cash	\$ 45,786	\$ 6,278
<b>Total Current Assets</b>	<b>\$ 45,786</b>	<b>\$ 6,278</b>
<b><u>Capital Assets -</u></b>		
Land	\$ 16,250	\$ 56,931
Building	282,140	282,140
Less: accumulated depreciation	(36,194)	(28,931)
<b>Total Capital Assets, Net</b>	<b>\$ 262,196</b>	<b>\$ 310,140</b>
<b>TOTAL ASSETS</b>	<b>\$ 307,982</b>	<b>\$ 316,418</b>
 <b><u>LIABILITIES:</u></b>		
<b><u>Current Liabilities -</u></b>		
Deferred revenue	\$ 700	\$ 700
Mortgage payable	8,875	8,201
Security deposits	5,000	-
Due to other governments	41,808	69,358
<b>Total Current Liabilities</b>	<b>\$ 56,383</b>	<b>\$ 78,259</b>
<b><u>Noncurrent Liabilities -</u></b>		
Mortgage payable	\$ 235,268	\$ 244,143
<b>Total Noncurrent Liabilities</b>	<b>\$ 235,268</b>	<b>\$ 244,143</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 291,651</b>	<b>\$ 322,402</b>
 <b><u>NET ASSETS:</u></b>		
<b><u>Unrestricted</u></b>		
Investment in capital assets, net of related debt	\$ 6,870	\$ 16,613
Operations	9,461	(22,597)
<b>TOTAL NET ASSETS</b>	<b>\$ 16,331</b>	<b>\$ (5,984)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 307,982</b>	<b>\$ 316,418</b>

(The accompanying notes are an integral part of these financial statements)

**HILTON LOCAL DEVELOPMENT  
CORPORATION, NEW YORK**

**Statement of Activities**

**For The Years Ended December 31, 2010 and 2009**

<b><u>OPERATING REVENUES:</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Rental of real property	\$ 39,134	\$ 41,724
<b>TOTAL OPERATING REVENUES</b>	<b><u>\$ 39,134</u></b>	<b><u>\$ 41,724</u></b>
 <b><u>OPERATING EXPENSES:</u></b>		
Taxes	\$ 196	\$ 276
Repairs and maintenance	2,710	-
Insurance	4,118	3,907
Interest expense	19,740	20,307
Legal expenses	3,336	-
Cost of sale of property	7,200	-
Miscellaneous	-	2,395
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 37,300</u></b>	<b><u>\$ 26,885</u></b>
<b>NET OPERATING INCOME</b>	<b><u>\$ 1,834</u></b>	<b><u>\$ 14,839</u></b>
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income, other	\$ 9	\$ 3
Gain on sale of real property	27,736	-
Depreciation	(7,264)	(7,265)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>\$ 20,481</u></b>	<b><u>\$ (7,262)</u></b>
 <b>NET INCOME</b>	<b><u>\$ 22,315</u></b>	<b><u>\$ 7,577</u></b>
 <b>NET ASSETS - BEGINNING OF YEAR</b>	<b><u>(5,984)</u></b>	<b><u>(13,561)</u></b>
 <b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 16,331</u></b>	<b><u>\$ (5,984)</u></b>

(The accompanying notes are an integral part of these financial statements)

**HILTON LOCAL DEVELOPMENT  
CORPORATION, NEW YORK**

**Statement of Cash Flows**

**For The Years Ended December 31, 2010 and 2009**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Receipts from rentals	\$ 44,134	\$ 35,424
Payments to suppliers/other governments	(45,110)	(4,782)
Interest expense	(19,740)	(20,307)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (20,716)</u></b>	<b><u>\$ 10,335</u></b>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Interest income	\$ 9	\$ 3
Repayment of mortgage payable	(8,201)	(7,634)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>\$ (8,192)</u></b>	<b><u>\$ (7,631)</u></b>
 <b><u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</u></b>		
Sale of property	\$ 68,416	\$ -
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	<b><u>\$ 68,416</u></b>	<b><u>\$ -</u></b>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 <b>\$ 39,508</b>	 <b>\$ 2,704</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b><u>6,278</u></b>	<b><u>3,574</u></b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 45,786</u></b>	<b><u>\$ 6,278</u></b>
 <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
<b>Net Operating Income</b>	<b><u>\$ 1,834</u></b>	<b><u>\$ 14,838</u></b>
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:</b>		
Increase/(decrease) in amounts due to Village of Hilton	\$ (27,550)	\$ 1,797
Increase/(decrease) in deferred revenues	5,000	(6,300)
Total Adjustments	<u>\$ (22,550)</u>	<u>\$ (4,503)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (20,716)</u></b>	<b><u>\$ 10,335</u></b>

(The accompanying notes are an integral part of these financial statements)

**HILTON LOCAL DEVELOPMENT  
CORPORATION, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010**

**I. Summary of Significant Accounting Policies:**

**A. Organization**

The Hilton Local Development Corporation, New York (the Corporation) was incorporated on March 2, 2000 under Section 803 of the Not-For-Profit Corporation Law. The mission of the Hilton LDC is to initiate, promote and sustain economic opportunities for businesses and residents, create jobs, improve the quality of life, and promote a healthier community

**B. Basis of Accounting**

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States. Revenues are recognized when earned and expenses are recognized when incurred.

The Corporation reports information regarding its financial position and activities according to three classes of net assets, unrestricted, temporarily restricted, and permanently restricted net assets. At December 31, 2010 and 2009 all of the Corporation's net assets were unrestricted.

**C. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Corporation considers all highly liquid cash accounts and other temporary investments of three months or less as cash equivalents.

**D. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

( I. ) ( Continued )

**E. Capital Assets**

Capital assets are stated at cost or if donated, at fair value at the date of contribution. The Corporation capitalizes fixed asset purchases greater than \$1,000, which have useful lives greater than one year. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for routine repairs and maintenance are expensed as incurred. Depreciation is computed on a straight-line basis between twenty and forty years.

**F. Deferred Revenue and Revenue Recognition**

Deferred revenue is record for the lease contract fee received in advance under the terms of an operating lease agreement for an ATM machine. The lease contract required a pre-payment of the first 48 months of the lease which began in November 2005.

**G. Income Taxes**

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position since events could potentially occur that jeopardize tax-exempt status. Management is not aware of any events that could jeopardize the Corporation's tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

**II. Cash and Cash Equivalents:**

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. While the Corporation does not have a specific policy for custodial credit risk, New York State statutes govern the Corporation's investment policies, as discussed previously in these notes.

The Hilton LDC's bank balances were fully covered by FDIC insurance.

**III. Capital Assets:**

A summary of the change in capital assets follows:

	<b>Beginning</b>			<b>Ending</b>
	<b><u>1/1/2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>12/31/2010</u></b>
Land	\$ 56,931	\$ -	\$ 40,681	\$ 16,250
Building	282,140	-	-	282,140
Accumulated Depreciation	(28,930)	(7,264)	-	(36,194)
<b>Total</b>	<b><u>\$ 310,141</u></b>	<b><u>\$ (7,264)</u></b>	<b><u>\$ 40,681</u></b>	<b><u>\$ 262,196</u></b>

Depreciation expense for the year ended 2010 totaled \$7,264.



**IV. Due To Other Governments:**

Due to other governments represents funds currently borrowed from the Village of Hilton, New York:

	<b><u>2010</u></b>	<b><u>2009</u></b>
Beginning Balance	\$ 69,358	\$ 67,562
Additions	2,450	1,796
Payments	(30,000)	-
<b>Total Due To Other Governments</b>	<b><u>\$ 41,808</u></b>	<b><u>\$ 69,358</u></b>

This represents a non-interest bearing loan from the Village of Hilton, New York.

**V. Mortgage Payable:**

The Corporation entered into a mortgage with Upstate Bank relating to 35-39 Hovey Square, Village of Hilton, New York 14468.

<u>Description</u>	<u>Original Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12/31/2010</u>
Building	\$ 279,106	7.81%	2035	<u>\$ 244,143</u>

Future debt service payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 8,875	\$ 19,067
2012	9,549	18,392
2013	10,388	17,554
2014	11,241	16,701
2015	204,090	15,777
<b>Total</b>	<b><u>\$ 244,143</u></b>	<b><u>\$ 87,491</u></b>

**VI. Unrestricted Net Assets:**

Unrestricted net assets consisted of investment in capital assets, net of related debt and amounts available for operations:

	<b><u>2010</u></b>	<b><u>2009</u></b>
Net Capital Assets	\$ 262,196	\$ 310,140
Less: Mortgage	(244,143)	(252,344)
Less: Loan (Village of Hilton)	(11,183)	(41,183)
<b>Total Investment in Capital Assets, Net of Related Debt</b>	<b><u>\$ 6,870</u></b>	<b><u>\$ 16,613</u></b>

**VII. Related Parties:**

The Board of Directors of the Hilton Local Development Corporation, New York are the same individuals on the Village of Hilton, New York's Board of Trustees. The Hilton LDC has a loan for \$41,808 with the Village of Hilton, New York.

**VIII. Lease Agreements:**

- A. Lease agreement starting November 1, 2005 between Hilton LDC and Zing Corporation for the rental of 35-39 Hovey Square, Hilton, NY 14468. The terms of the agreement will be for 5 years. The annual fee will start at \$32,400 for the first year of the lease. This lease was terminated October 31, 2010.
- B. Lease agreement starting November 9, 2005 between Hilton LDC and The Summit Federal Credit Union for the rental of land for the purpose for construction and operation of a kiosk for automated teller machines (the "ATM Kiosk"), including drive-up lanes and signage. The terms of the agreement will be for 15 years with an annual fee of \$8,400.
- C. Lease agreement starting on October 29, 2010 between the Hilton LDC and Fitness Warehouse for the rental of #35-39 Hovey Square for the annual amount of \$32,400 which began on November 1, 2010.

**IX. Commitments and Contingencies:**

**A. Litigation**

As of the date of this report management is not aware of any pending litigation.

HILTON LOCAL DEVELOPMENT  
CORPORATION, NEW YORK

Schedule of Investments

For Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating	\$ 45,786	\$ 6,278
<b>Total Investments</b>	<u>\$ 45,786</u>	<u>\$ 6,278</u>

**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

**Shareholders:**

**Raymond F. Wager, CPA**  
**Thomas J. Lauffer, CPA**  
**Thomas C. Zuber, CPA**

Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

**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 Council Members of  
Hilton Local Development Corporation, New York

We have audited the financial statements of the Hilton Local Development Corporation, New York as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated March 2, 2011. 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 the Hilton Local Development Corporation, New York'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 the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hilton Local Development Corporation, New York'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Hilton Local Development Corporation, New York in a separate letter dated March 2, 2011.

This report is intended solely for the information and use of the Council, management, and the Federal Awarding Agencies and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of Raymond F. Wager, CPA PC in black ink.

March 2, 2011