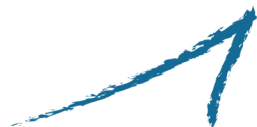


# **CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION**

**Cortland, New York**

## **FINANCIAL REPORT**

**For the Years Ended  
December 31, 2017 and 2016**



**insero&co**

Certified Public Accountants | Business Advisors

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# ***CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION***

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Cortland County Business Development Corporation  
Cortland, New York

### **Report on Financial Statements**

We have audited the accompanying financial statements of Cortland County Business Development Corporation (the Corporation), a non-profit corporation, which comprise the Statements of Financial Position as of December 31, 2017 and 2016, and the related Statements of Activities 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.

### ***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 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 Cortland County Business Development Corporation as of December 31, 2017 and 2016, 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 February 26, 2018 on our consideration of the Cortland County Business 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 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 Corporation's internal control over financial reporting and compliance.

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
February 26, 2018

# CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	2017		
	Operating Fund	Revolving Loan Funds	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents:			
Unrestricted	\$ 156,194	\$	\$ 156,194
Restricted		603,976	603,976
Accounts receivable	91,835		91,835
Loans receivable - Current portion, net of allowance (\$15,917 and \$11,237, respectively)		44,333	44,333
Prepaid expenses	8,107		8,107
<b>Total Current Assets</b>	<b>256,136</b>	<b>648,309</b>	<b>904,445</b>
Land	122,237		122,237
Equipment and improvements, net of accumulated depreciation (\$43,484 and \$43,276, respectively)	610		610
Loans receivable - Long-term portion, net of allowance (\$7,498 and \$13,511, respectively)		72,563	72,563
<b>Total Assets</b>	<b>\$ 378,983</b>	<b>\$ 720,872</b>	<b>\$ 1,099,855</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 4,084	\$	\$ 4,084
Accrued payroll liabilities	734		734
<b>Total Current Liabilities</b>	<b>4,818</b>	<b>-</b>	<b>4,818</b>
<b>Net Assets</b>			
Unrestricted	43,727		43,727
Board designated	330,438		330,438
Temporarily restricted		720,872	720,872
<b>Total Net Assets</b>	<b>374,165</b>	<b>720,872</b>	<b>1,095,037</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 378,983</b>	<b>\$ 720,872</b>	<b>\$ 1,099,855</b>

*See Independent Auditor's Report and Notes to Financial Statements*

<b>2016</b>		
<b>Operating Fund</b>	<b>Revolving Loan Funds</b>	<b>Total</b>
\$ 107,808	\$	\$ 107,808
91,835	586,439	586,439
		91,835
	53,060	53,060
7,077		7,077
206,720	639,499	846,219
122,237		122,237
187		187
	70,935	70,935
\$ 329,144	\$ 710,434	\$ 1,039,578
\$ 1,493	\$	\$ 1,493
737		737
2,230	-	2,230
(3,524)		(3,524)
330,438		330,438
	710,434	710,434
326,914	710,434	1,037,348
\$ 329,144	\$ 710,434	\$ 1,039,578

# **CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION**

## **STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,**

<b>Changes in Net Assets</b>	<b>2017</b>		
	<b>Operating Fund</b>	<b>Revolving Loan Funds</b>	<b>Total</b>
<b>Operating Revenues</b>			
Contracts and support	\$ 429,387	\$	\$ 429,387
Interest income	18	8,975	8,993
Grant income	32,000		32,000
Application fees		200	200
Administrative service revenue	25,000		25,000
Other revenue	3,865	2	3,867
<b>Total Operating Revenues</b>	<b>490,270</b>	<b>9,177</b>	<b>499,447</b>
<b>Operating Expenses</b>			
Payroll	229,452		229,452
Payroll taxes	18,011		18,011
Employee benefits	74,988		74,988
Conferences and meetings	8,164		8,164
Legal and professional fees	15,134	55	15,189
Marketing	29,266		29,266
Special projects	8,018		8,018
Grant expenditures			-
Dues	625		625
Occupancy	19,651		19,651
Telephone, fax, and internet	7,358		7,358
Postage	1,023		1,023
Supplies	2,485	17	2,502
Equipment rental and maintenance	6,714		6,714
Accounting and payroll services	7,100		7,100
Insurance	2,985		2,985
Travel	4,000		4,000
Automobile expense	5,213		5,213
NYS nonprofit filing fee	2,057		2,057
Depreciation	208		208
Bad debt expense (recovery), net		(1,333)	(1,333)
Miscellaneous	567		567
<b>Total Operating Expenses</b>	<b>443,019</b>	<b>(1,261)</b>	<b>441,758</b>
<b>CHANGES IN NET ASSETS</b>	<b>47,251</b>	<b>10,438</b>	<b>57,689</b>
Net Assets, January 1,	326,914	710,434	1,037,348
<b>Net Assets, December 31,</b>	<b>\$ 374,165</b>	<b>\$ 720,872</b>	<b>\$ 1,095,037</b>

*See Independent Auditor's Report and Notes to Financial Statements*

<b>2016</b>		
<b>Operating Fund</b>	<b>Revolving Loan Funds</b>	<b>Total</b>
\$ 423,042	\$	\$ 423,042
23	10,150	10,173
	200	-
25,000		200
3,979	59	25,000
<u>452,044</u>	<u>10,409</u>	<u>4,038</u>
234,449		462,453
18,532		-
73,351		234,449
8,512		18,532
14,850	26	73,351
30,004		8,512
10,428		14,876
6,783		30,004
2,489		10,428
19,651		6,783
3,804		2,489
548		19,651
2,132	3	3,804
7,437		548
7,100		2,135
2,986		7,437
4,000		7,100
5,440		2,986
250		4,000
1,212		5,440
	(5,908)	250
466		1,212
<u>454,424</u>	<u>(5,879)</u>	<u>(5,908)</u>
(2,380)	16,288	466
<u>329,294</u>	<u>694,146</u>	<u>448,545</u>
\$ <u>326,914</u>	\$ <u>710,434</u>	\$ <u>1,023,440</u>
		<u>13,908</u>
		<u>1,037,348</u>



# **CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION**

## **STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 57,689	\$ 13,908
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	208	1,212
Allowance for uncollectable loans	(1,333)	(5,997)
Decrease (Increase) in:		
Accounts receivable	-	8,799
Prepaid expenses	(1,030)	5,463
Increase (Decrease) in:		
Accounts payable	2,591	(3,625)
Accrued payroll liabilities	(3)	611
<b>Net Cash Provided by Operating Activities</b>	<u>58,122</u>	<u>20,371</u>
<b>Cash Flows from Investing Activities</b>		
Equipment purchase	(631)	-
Principal received on loans receivable	63,432	68,762
New loans originated	<u>(55,000)</u>	<u>(15,000)</u>
<b>Net Cash Provided by Investing Activities</b>	<u>7,801</u>	<u>53,762</u>
<b>Cash Flows from Financing Activities</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>65,923</b>	<b>74,133</b>
Cash and Cash Equivalents, January 1,	<u>694,247</u>	<u>620,114</u>
<b>Cash and Cash Equivalents, December 31,</b>	<b>\$ <u><u>760,170</u></u></b>	<b>\$ <u><u>694,247</u></u></b>

*See Independent Auditor's Report and Notes to Financial Statements*

# **CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016**

### **Note 1 Summary of Significant Accounting Policies**

#### **Business Activity**

Cortland County Business Development Corporation (the Corporation) is a not-for-profit corporation formed on May 12, 1992. The Corporation's activities involve attracting new business, developing existing business, and promotion and development of job opportunities in Cortland County.

#### **Accounting Method**

The financial statements of the Corporation have been prepared on the accrual basis.

#### **Financial Statement Presentation**

The financial statements have been prepared on the accrual basis of accounting and are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities." Under FASB ASC 958, the Corporation is required to report 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 Corporation has no permanently restricted net assets. Temporarily restricted net assets represent resources restricted for revolving loan funds.

#### **Use of Funds**

The assets, liabilities, and net assets of the Corporation are reported in two self-balancing fund groups as follows:

- Operating Funds - Unrestricted resources which represent the portion of expendable funds that are available for support of Corporation operations.
- Revolving Loan Funds - Restricted resources used to support local business by granting loans for economic development within Cortland County. This fund is included in the temporary restricted net asset classification.

#### **Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

# **CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016**

### **Note 1 Summary of Significant Accounting Policies - Continued**

#### **Loans Receivable**

The Corporation holds funds that are earmarked for the purpose of making loans to qualified Cortland County businesses. The funds are to be used for expansion and the creation of jobs within the County. As of December 31, 2017, the Corporation had granted 8 loans still outstanding at 6% interest with various terms to maturity through 2021. Collateral consists of various assets owned by the individual businesses. The Corporation has filed all necessary legal documents to obtain a first or second lien on the various assets. During 2017, one new loan was issued in the amount of \$55,000. Interest on loans is recognized when collected.

An allowance for uncollectable loans has been established and used based on management's evaluation of potential uncollectable loans at year end. Amounts expensed to maintain the appropriate allowance balance were \$-0- and \$89 in 2017 and 2016, respectively. Collection of amounts previously included in the allowance totaled \$1,333 and \$5,997 in 2017 and 2016, respectively.

#### **Property and Equipment**

Property and equipment are recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets. The Corporation capitalizes all assets, excluding land, greater than \$1,000 and with useful lives greater than one year.

#### **Use of Estimates**

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

#### **Marketing Costs**

Marketing costs are comprised of print and audio media advertising and promotions. These costs are expensed when incurred.

#### **Tax Status**

The Corporation is recognized as exempt from federal taxation under Section 501(c)(6) of the Internal Revenue Code.

#### **Evaluation of Subsequent Events**

The Corporation has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 26, 2018, the date which the financial statements were available to be issued.

# CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

**Note 2 Concentration of Credit Risk and Sources of Revenue**

Financial instruments which potentially expose the Corporation to concentrations of credit and market risk consist primarily of cash. Cash is maintained at high quality financial institutions and credit exposure is limited to cash in excess of Federal Deposit Insurance Corporation insurance limits. From time to time the Corporation may have bank deposits in excess of Federal Deposit Insurance Corporation insurance limits.

The Corporation received approximately 86% and 91%, in 2017 and 2016, respectively, of its support from Cortland County. In 2003, Cortland County passed a resolution to annually fund the Corporation. In 2014, a contract extension was passed for unrestricted funding of \$416,791, \$423,042, \$429,387, and \$435,827 for the years 2015, 2016, 2017, and 2018, respectively.

**Note 3 Property and Equipment**

Property and equipment consisted of the following at December 31:

Asset	2017		
	Cost	Accumulated Depreciation	Book Value
Equipment	\$ 42,625	\$ 42,015	\$ 610
Leasehold improvements	1,469	1,469	-
Special projects - Land route	122,237		122,237
<b>Total</b>	<b>\$ 166,331</b>	<b>\$ 43,484</b>	<b>\$ 122,847</b>
<b>2016</b>			
Asset	Cost	Accumulated Depreciation	Book Value
Equipment	\$ 41,994	\$ 41,807	\$ 187
Leasehold improvements	1,469	1,469	-
Special projects - Land route	122,237		122,237
<b>Total</b>	<b>\$ 165,700</b>	<b>\$ 43,276</b>	<b>\$ 122,424</b>

Depreciation expense amounted to \$208 and \$1,212 for the years ended 2017 and 2016, respectively.

# CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### Note 4 Loans Receivable - Revolving Loan Program

	<u>2017</u>	<u>2016</u>
Loan receivable from 60 Main, LLC, dated February 11, 2010, original amount \$50,000, payable in monthly installments of \$555 including interest at 6%, maturing March 1, 2020.	\$ 13,933	\$ 19,570
Loan receivable from Cortland Foundations, LLC, dated September 19, 2011, original amount \$50,000, payable in monthly installments of \$1,521 including interest at 6%. Renewed November 10, 2014 at the original amount of \$50,000, payable in monthly installments of \$1,521 including interest at 6%, maturing December 1, 2017.	-	17,673
Loan receivable from Delta Investments, dated January 18, 2010, original amount \$35,000, payable in monthly installments of \$389 including interest at 6%, initially maturing December 1, 2020. Prior to the original maturity, an additional \$25,000 was added to the loan, increasing monthly payments to \$731 and extending the maturity date to October 1, 2020.	22,808	29,978
Loan receivable from Marathon Boat Group, dated June 11, 2008, original amount \$15,000, payable in monthly installments of \$219 including interest at 6%, maturing January 1, 2018.	848	3,345
Loan receivable from Central City Bar and Grill, dated June 14, 2007, original amount \$60,000, payable in monthly installments of \$666 including interest at 6%, maturing July 1, 2017.	-	4,572

# CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

**Note 4    Loans Receivable - Revolving Loan Program - Continued**

	<b>2017</b>	<b>2016</b>
Loan receivable from M & D Deli Central, dated July 7, 2009, original amount \$60,000, payable in monthly installments of \$666 including interest at 6%, maturing August 1, 2019.	\$ <b>12,648</b>	\$    19,653
Loan receivable from Crown City Stove Works, dated January 29, 2010, original amount \$50,000, payable in monthly installments of \$555 including interest at 6%, maturing February 1, 2020.	<b>23,415</b>	24,750
Loan receivable from Custom Machining Technology, dated November 25, 2014, original amount \$25,000, payable in monthly installments of \$483 including interest at 6%, maturing December 1, 2019.	<b>10,905</b>	15,887
Loan receivable from Pat-Tees Apparel, dated May 18, 2016, original amount \$15,000, payable in monthly installments of \$352 including interest at 6%, maturing June 1, 2020.	<b>10,093</b>	13,315
Loan receivable from Rainbow Trucking, dated February 14, 2017, original amount \$55,000, payable in monthly installments of \$1,292 including interest at 6%, maturing April 1, 2021.	<b>45,661</b>	-
Total loans outstanding	<b>140,311</b>	148,743
Less allowance for uncollectible loans receivable	<b>(23,415)</b>	(24,748)
Net loans outstanding	<b>116,896</b>	123,995
Less current portion	<b>(44,333)</b>	(53,060)
<b>Long-term Portion</b>	<b>\$    72,563</b>	\$    70,935

# CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

**Note 5 Board Designated Net Assets**

The Corporation's Board of Directors designated net assets for potential future projects. Changes in Board Designated Net Assets, for the years ended December 31, are as follows:

	Balance at 12/31/2016	Transfers In	Funds Used	Balance at 12/31/2017
Future project needs	\$ 300,000	\$	\$	\$ 300,000
Training	30,438			30,438
<b>Total</b>	<b>\$ 330,438</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 330,438</b>

	Balance at 12/31/2015	Transfers In	Funds Used	Balance at 12/31/2016
Future project needs	\$ 300,000	\$	\$	\$ 300,000
Training	30,438			30,438
<b>Total</b>	<b>\$ 330,438</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 330,438</b>

**Note 6 Pension Plan**

The Corporation sponsors a 401(k) plan. There are no plan imposed limits on employees contributions. The Corporation matches each employee's contribution up to a maximum of 10% of the employee's compensation. Pension expense incurred as of December 31, 2017 and 2016 amounted to \$22,945 and \$23,093, respectively.

**Note 7 Lease Commitments**

The Corporation leases office space from Cortland County on a month to month basis. Lease expense amounted to \$19,651 and \$19,651 for the years ended December 31, 2017 and 2016, respectively.

On December 1, 2014, the Corporation entered into a 39 month automobile lease with monthly payments of \$344. Automobile lease expense amounted to \$4,131 and \$4,131, net of employee reimbursement for personal miles, for the years ended December 31, 2017 and 2016.

On January 17, 2015, the Corporation entered into a cancelable 5 year lease for a copier with monthly payments of \$321 plus usage. Copier lease expense amounted to \$3,894 and \$3,857 for the years ended December 31, 2017 and 2016.

On October 20, 2014, the Corporation entered into a 51 month lease for a postage machine with quarterly payments of \$360. Postage lease expense amounted to \$1,555 and \$1,555 for the years ended December 31, 2017 and 2016.

# **CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016**

### **Note 7 Lease Commitments - Continued**

Future minimum lease payments are as follows at December 31, 2017:

<u>Year</u>	<u>Amount</u>
2018	\$ 8,917
2019	4,167
2020	1,954

### **Note 8 Related Party Transactions**

Cortland County Industrial Development Agency (the Agency) was created for the purpose of advancing job opportunities, health, general prosperity, and economic welfare of the people of Cortland County in 1974.

The Executive Director of the Corporation acts as the Chief Executive Officer of the Agency; the Chief Finance Officer and Project Development Director of the Corporation acts as the Treasurer of the Agency; and the members of Board of Directors of the Corporation are also members of the Agency's Board of Directors. In addition, the Agency has a component unit, the Cortland County Agricultural Local Development Corporation (Ag Corp), which also share the Chief Executive Officer, Treasurer, and Board of the Corporation. The Corporation pays the expenses of the Ag Corp. The Ag Corp did not owe the Corporation any amount at December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, the Corporation had an accounts receivable balance of \$91,835 due from the Agency. The receivable is expected to be paid back when the related property owned by the Agency is sold.

The Corporation and the Agency have an administrative service agreement; the Agency pays the Corporation \$25,000 annually for administrative services. The Agency paid the Corporation \$25,000 in each of the years ending December 31, 2017 and 2016.

### **Note 9 Subsequent Event**

Subsequent to the year ended December 31, 2017, the Corporation entered into a 36 month automobile lease. The lease is an operating lease replacing the December 1, 2014 lease described in Note 7. The lease calls for monthly payments of \$346.



**INDEPENDENT AUDITOR'S 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  
Cortland County Business Development Corporation  
Cortland, 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 Cortland County Business Development Corporation (the Corporation), which comprise the Statement of Financial Position as of December 31, 2017, 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 February 26, 2018.

**Internal Control Over Financial Reporting**

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
February 26, 2018