

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

FINANCIAL REPORT

**For the Years Ended
December 31, 2020 and 2019**



CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' 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 nonprofit corporation, which comprise the Statements of Financial Position as of December 31, 2020 and 2019, 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 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 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 Cortland County Business Development Corporation as of December 31, 2020 and 2019, 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 8, 2021 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, 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
March 8, 2021

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	2020		
	Operating Fund	Revolving Loan Funds	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents:			
Unrestricted	\$ 316,883	\$	\$ 316,883
Restricted		410,673	410,673
Total Cash and Cash Equivalents	316,883	410,673	727,556
Accounts Receivable	94,609		94,609
Security Deposits	5,800		5,800
Loans Receivable - Current Portion, Net of Allowance and Discount Disclosed in Note 4		48,522	48,522
Prepaid Expenses	5,150		5,150
Total Current Assets	422,442	459,195	881,637
Equipment and Improvements, Net of Accumulated Depreciation (\$13,249 and \$15,786 Respectively)	5,443		5,443
Loans Receivable - Long-Term Portion, Net of Allowance and Discount Disclosed in Note 4		276,968	276,968
Total Assets	\$ 427,885	\$ 736,163	\$ 1,164,048
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$ 2,737	\$	\$ 2,737
Accrued Payroll Liabilities	482		482
Security Deposits Held	2,400		2,400
Accrued Expenses			-
Total Current Liabilities	5,619	-	5,619
Net Assets			
Net Assets Without Donor Restrictions	51,828		51,828
Net Assets Without Donor Restrictions - Board Designated	370,438		370,438
Net Assets with Donor Restrictions		736,163	736,163
Total Net Assets	422,266	736,163	1,158,429
Total Liabilities and Net Assets	\$ 427,885	\$ 736,163	\$ 1,164,048

See Notes to Financial Statements

2019

<u>Operating Fund</u>	<u>Revolving Loan Funds</u>	<u>Total</u>
\$ 195,069	\$	\$ 195,069
	527,771	527,771
<u>195,069</u>	<u>527,771</u>	<u>722,840</u>
214,072		214,072
	27,946	27,946
7,696		7,696
<u>416,837</u>	<u>555,717</u>	<u>972,554</u>
5,541		5,541
	196,440	196,440
<u>\$ 422,378</u>	<u>\$ 752,157</u>	<u>\$ 1,174,535</u>
\$ 5,937	\$	\$ 5,937
555		555
		-
<u>3,148</u>		<u>3,148</u>
9,640	-	9,640
42,300		42,300
370,438		370,438
	752,157	752,157
<u>412,738</u>	<u>752,157</u>	<u>1,164,895</u>
<u>\$ 422,378</u>	<u>\$ 752,157</u>	<u>\$ 1,174,535</u>

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in Net Assets			
Operating Revenues			
Contracts and Support	\$ 442,364	\$	\$ 442,364
Interest Income	182	23,642	23,824
Application Fees		450	450
Administrative Service Revenue	25,000		25,000
Rental Revenue	17,200		17,200
Other Revenue			-
Net Assets Released from Restrictions	<u>40,086</u>	<u>(40,086)</u>	<u>-</u>
Total Operating Revenues	<u>524,832</u>	<u>(15,994)</u>	<u>508,838</u>
Operating Expenses			
Program Services	472,786		472,786
Management and General	<u>42,518</u>		<u>42,518</u>
Total Operating Expenses	<u>515,304</u>	<u>-</u>	<u>515,304</u>
Changes in Net Assets	9,528	(15,994)	(6,466)
Net Assets, January 1,	<u>412,738</u>	<u>752,157</u>	<u>1,164,895</u>
Net Assets, December 31,	<u>\$ 422,266</u>	<u>\$ 736,163</u>	<u>\$ 1,158,429</u>

See Notes to Financial Statements

2019

Without Donor Restrictions	With Donor Restrictions	Total
\$ 435,827	\$	\$ 435,827
538	23,760	24,298
	225	225
25,000		25,000
		-
4,030		4,030
2,800	(2,800)	-
<u>468,195</u>	<u>21,185</u>	<u>489,380</u>
398,200		398,200
<u>43,959</u>		<u>43,959</u>
<u>442,159</u>	<u>-</u>	<u>442,159</u>
26,036	21,185	47,221
<u>386,702</u>	<u>730,972</u>	<u>1,117,674</u>
<u>\$ 412,738</u>	<u>\$ 752,157</u>	<u>\$ 1,164,895</u>

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Total
Salaries	\$ 196,492	\$ 21,832	\$ 218,324
Employee Benefits	57,904	6,434	64,338
Marketing	34,940		34,940
Occupancy	33,840	3,760	37,600
Payroll Taxes	15,555	1,728	17,283
Legal and Professional Fees	4,532	504	5,036
Equipment Rental and Maintenance	8,931	992	9,923
Conferences and Meetings	613		613
Accounting and Payroll Services	6,768	752	7,520
Telephone, Fax, Internet	3,493	388	3,881
Supplies	4,568	508	5,076
Automobile Expense	1,919	3,565	5,484
Travel	3,200	800	4,000
Insurance	2,732	304	3,036
Filing Fees	225	25	250
Dues	2,206		2,206
Bad Debt Expense	36,904		36,904
Utilities Expense	3,959	440	4,399
Postage	645	72	717
Special Projects Expense	51,237		51,237
Depreciation	2,123	414	2,537
Total Expenses	\$ 472,786	\$ 42,518	\$ 515,304

See Notes to Financial Statements

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Total
Salaries	\$ 216,746	\$ 24,083	\$ 240,829
Employee Benefits	72,102	8,011	80,113
Marketing	27,243		27,243
Occupancy	17,686	1,965	19,651
Payroll Taxes	16,870	1,875	18,745
Legal and Professional Fees	4,657	518	5,175
Equipment Rental and Maintenance	5,985	665	6,650
Conferences and Meetings	7,037		7,037
Accounting and Payroll Services	6,498	722	7,220
Telephone, Fax, Internet	3,612	402	4,014
Supplies	3,226	358	3,584
Automobile Expense	1,673	3,107	4,780
Travel	3,200	800	4,000
Insurance	2,617	291	2,908
Filing Fees	1,110	123	1,233
Dues	1,453		1,453
Moving Expense	4,369	486	4,855
Postage	590	66	656
Miscellaneous	662	73	735
Depreciation	864	414	1,278
Total Expenses	\$ 398,200	\$ 43,959	\$ 442,159

See Notes to Financial Statements

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Cash Provided by Contracts	\$ 464,590	\$ 460,827
Cash Provided by Interest	11,851	15,321
Other Operating Cash Receipts	17,650	4,255
Cash Paid to Suppliers and Employees	(423,469)	(425,662)
Other Operating Cash Payments	<u>(8,432)</u>	<u>(8,659)</u>
Net Cash Provided by Operating Activities	<u>62,190</u>	<u>46,082</u>
Cash Flows From Investing Activities		
Cash Received From BDC Property Sale	71,000	-
Equipment Purchase	(2,439)	(3,168)
Principal Received on Loans Receivable	63,965	65,331
Discount on Purchased Loan	-	55,863
New Loans Originated	<u>(190,000)</u>	<u>(258,124)</u>
Net Cash Provided by Investing Activities	<u>(57,474)</u>	<u>(140,098)</u>
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	4,716	(94,016)
Cash and Cash Equivalents, January 1,	<u>722,840</u>	<u>816,856</u>
Cash and Cash Equivalents, December 31,	<u>\$ 727,556</u>	<u>\$ 722,840</u>
Non-Monetary Investing and Financing Activities:		
Forgiveness of Amounts Owed (Agency)	<u>\$ (51,237)</u>	<u>\$ -</u>
Property Transfer (Agency)	<u>\$ -</u>	<u>\$ (122,237)</u>
Accounts Receivable (Agency)	<u>\$ -</u>	<u>\$ 122,237</u>
Amortization of Discount	<u>\$ (11,974)</u>	<u>\$ (8,978)</u>

See Notes to Financial Statements

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 1 Summary of Significant Accounting Policies

Business Activity

Cortland County Business Development Corporation (the Corporation) is a nonprofit corporation formed on May 12, 1992. The Corporation's activities involve attracting new business, developing existing businesses, and promoting and developing job opportunities in Cortland County. The Board of Directors is comprised of 13 members split into two classifications. The seven member directors of the Corporation are the same members appointed to the Cortland County Industrial Development Agency by the Cortland County Legislature. Additionally, there are six non-member directors selected by members of the Corporation.

Accounting Method

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

Basis of Accounting

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectivities of the Corporation. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

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 actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expired, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Use of Funds

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

- **Operating Funds:** Resources which represent the portion of expendable funds available for support of Corporation operations.
- **Revolving Loan Funds:** Resources used to support local business by granting loans for economic development within Cortland County.

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 1 Summary of Significant Accounting Policies - Continued

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.

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. Additionally, during 2020, the Corporation made several Covid-19 business assistance loans to provide local businesses with working capital required to cover costs incurred as a result of the pandemic. As of December 31, 2020, the Corporation had nine loans outstanding with interest rates raising from 2% to 6% and various terms to maturity through 2025. 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. 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 \$1,585 in 2020 and \$-0- in 2019. Collection of amounts previously included in the allowance totaled \$-0- in 2020 and 2019. Additionally, during 2020 Management determined a loan with an outstanding balance of \$35,319 was no longer collectible and recognized the amount as an expense.

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.

Functional Allocation of Expenses

The costs of providing program and management and general activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among functions as determined by management on an equitable basis. For the years presented, the Corporation did not incur any fundraising expenses.

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 1 Summary of Significant Accounting Policies - Continued

Tax Status

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

Revenue Recognition

The Corporation receives revenue through contracts with Cortland County Industrial Development Agency, a related party, and Cortland County. The Corporation recognizes revenue under those agreements as it satisfies the underlying performance obligations. At December 31, 2020 and 2019, the Corporation had met the performance obligations in those respective agreements and recognized the corresponding revenue in the Statement of Activities.

Evaluation of Subsequent Events

The Corporation has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 8, 2021, the date which the financial statements were available to be issued.

Future Accounting Pronouncements

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "Leases" (Topic 842). ASU No. 2016-02 improves transparency and comparability among companies by recognizing lease assets and lease liabilities on the Balance Sheet and by disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for the year ending December 31, 2022. The Corporation is currently assessing the financial impact of this guidance on the financial statements.

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 two financial institutions and credit exposure is limited to cash in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. From time to time the Corporation may have bank deposits in excess of FDIC insurance limits.

During 2018, the Corporation renewed its agreement with Cortland County to provide business development and related services to businesses within the County for the 2019, 2020, 2021, and 2022 fiscal years. In exchange for these services, the County will make quarterly payments of specific annual amounts over the 4-year period. As of December 31, 2020 and 2019, the Corporation had complied with all the requirements of the agreement and recognized the corresponding revenue for those periods as earned in the Statement of Activities. The Corporation received approximately 87% and 89% in 2020 and 2019, respectively, of its support from Cortland County.

The Corporation also has a perpetual administrative service agreement with the Cortland County Industrial Development Agency, a related party, to provide operational support. The Agreement renews annually and the Corporation has recognized the corresponding earned revenue in the Statement of Activities.

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 3 Property and Equipment

Property and equipment consisted of the following at December 31,:

<u>Asset</u>	<u>2020</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Equipment	<u>\$ 21,229</u>	<u>\$ 15,786</u>	<u>\$ 5,443</u>
Total	<u>\$ 21,229</u>	<u>\$ 15,786</u>	<u>\$ 5,443</u>

<u>Asset</u>	<u>2019</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Equipment	<u>\$ 18,790</u>	<u>\$ 13,249</u>	<u>\$ 5,541</u>
Total	<u>\$ 18,790</u>	<u>\$ 13,249</u>	<u>\$ 5,541</u>

Depreciation expense amounted to \$2,537 and \$1,278 for the years ended 2020 and 2019, respectively.

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 4 Loans Receivable - Revolving Loan Program

	2020	2019
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.	\$ -	\$ 1,598
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 changing the maturity date to October 1, 2020.	-	7,113
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.	17,675	21,025
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.	-	2,417
Loan receivable from Rainbow Trucking, dated February 14, 2017, original amount: \$55,000, payable in monthly installments of \$600 including interest at 6%, maturing July 31, 2025.	-	35,320
Loan receivable from KIK Custom, purchased April 1, 2019, original amount: \$195,447, payable in monthly installments of \$3,810 including interest at 3%, maturing October 31, 2023.	123,943	165,375
Loan receivable from S&D Mironti, dated August 9, 2019, original amount: \$63,000, payable in monthly installments of \$699 including interest at 6%, maturing September 31, 2024.	57,027	61,841
Loan receivable from Community Restaurant, dated August 11, 2020, original amount: \$75,000, payable in monthly installments of \$1,450 including interest at 6%, maturing September 1, 2025.	71,759	-
Loan receivable from Tanya Dammert and Derek Perry, dated June 2, 2020, original amount: \$25,000, payable in monthly installments of \$900 including interest at 6%, maturing July 1, 2023.	25,000	-
Covid-19 Loan receivable from Community Restaurant, dated June 1, 2020, original amount: \$25,000, payable in monthly installments of \$716 including interest at 2%, maturing May 1, 2024.	25,000	-
Covid-19 Loan receivable from Armideo Housing, dated June 1, 2020, original amount: \$25,000, payable in monthly installments of \$716 including interest at 2%, maturing May 1, 2024.	25,000	-
Covid-19 Loan receivable from 60 Main LLC, dated August 13, 2020, original amount: \$25,000, payable in monthly installments of \$717 including interest at 2%, maturing September 1, 2024.	25,000	-
Covid-19 Loan receivable from Mironti Enterprises, Inc., dated September 23, 2020, original amount: \$15,000, payable in monthly installments of \$430 including interest at 2%, maturing October 1, 2024.	15,000	-
Total Loans Outstanding	385,404	294,689
Less Allowance for Uncollectible Loans Receivable	(25,000)	(23,418)
Less Discount on Loans Receivable	(34,914)	(46,885)
Net Loans Outstanding	325,490	224,386
Less Current Portion	(48,522)	(27,946)
Long-Term Portion	\$ 276,968	\$ 196,440

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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 12/31/2019	Transfers In	Funds Used	Balance at 12/31/2020
Future Project Needs	\$ 340,000	\$	\$	\$ 340,000
Training	30,438			30,438
Total	\$ 370,438	\$ -	\$ -	\$ 370,438
	Balance at 12/31/2018	Transfers In	Funds Used	Balance at 12/31/2019
Future Project Needs	\$ 340,000	\$	\$	\$ 340,000
Training	30,438			30,438
Total	\$ 370,438	\$ -	\$ -	\$ 370,438

Note 6 Pension Plan

The Corporation sponsors a 401(k) plan. There are no plan-imposed limits on employee 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, 2020 and 2019 amounted to \$21,832 and \$24,083, respectively.

Note 7 Lease Commitments

Prior to the 2020 fiscal year, the Corporation leased office space from Cortland County. Lease expense amounted to \$19,651 for the years ended December 31, 2019 under that agreement.

Commencing January 1, 2020, the Corporation moved its office and entered into a new lease agreement for the 2020 calendar year. The initial lease term was for one year with five optional one-year renewal terms. The lease is for three separate spaces in the same building. The first space was occupied by the Corporation for their operations and the base rent is \$20,400 annually, payable in monthly installments. The other two spaces are used by the Corporation to sublet to other tenants for a combined additional \$22,800 annually, payable in monthly installment. The Corporation only has to pay for the additional space when it is occupied. During 2020 the Corporation did sublet the other two spaces and recognized rental income and additional rental expense of \$17,200 for the year ended December 31, 2020.

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 7 Lease Commitments - Continued

On January 17, 2015, the Corporation entered into a cancelable five-year lease for a copier with monthly payments of \$321 plus usage. In July 2019 the Corporation signed a new copier lease with a monthly payment of \$292 plus usage. Copier lease expense amounted to \$3,882 and \$3,894 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments are as follows at December 31, 2020:

<u>Year</u>	<u>Amount</u>
2021	\$ 4,880
2022	4,880
2023	4,880
2024	4,880

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 Chief Finance Officer 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 shares the Chief Executive Officer, Chief Finance Officer, and Board of the Corporation. At December 31, 2020 and 2019, the Corporation had an accounts receivable balance of \$91,835 and \$214,072 respectively, due from the Agency. The decrease in accounts receivable due from the Agency is based on the Route 11 property being disposed of during 2020. The receivable is expected to be paid when the related Contento property transferred to the Agency is sold by the Agency. The Board approved transfer of the balance due when the property is sold by the Agency.

The Corporation and the Agency have an administrative service agreement wherein the Agency pays the Corporation \$25,000 annually for administrative services. The Agency paid the Corporation \$25,000 for each of the years ended December 31, 2020 and 2019.

The Cortland County Legislature appoints member directors of the Corporation. Cortland County provided support to the Corporation totaling \$442,364 and \$435,827 for the years ended December 31, 2020 and 2019, respectively.

During 2019 the Corporation, passed a resolution to convey a parcel of land to the Agency. In exchange for the parcel, the Agency promised to pay an amount up to the cost of the of the parcel, \$122,237, to the Corporation from the proceeds of the eventual sale of the parcel. During 2020, the parcel was sold for \$71,000 and the funds were remitted to the Corporation. The remaining amount due from the Agency of \$51,237 was forgiven by the Corporation and is shown as a special project expense in the Statement of Functional Expenses.

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 9 **Liquidity and Availability of Resources**

The Corporation's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End		
Cash and Equivalents	\$ 727,556	\$ 722,840
Accounts Receivable	94,609	214,072
Loans Receivable - Current Portion	48,522	27,946
Total Financial Assets	<u>870,687</u>	<u>964,858</u>
Donor Restricted Cash	<u>(410,673)</u>	<u>(527,771)</u>
Total Amounts Unavailable Within One Year	<u>(410,673)</u>	<u>(527,771)</u>
Total Financial Assets Available Within One Year	<u>\$ 460,014</u>	<u>\$ 437,087</u>

The Corporation manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due.

Note 10 **Economic Uncertainty**

In March 2020, the Covid-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Corporation operates. Although there is still uncertainty regarding what if any this will have on funding, the Corporation feels that it will be able to maintain operations in a fiscally sound manner.



**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
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, 2020, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 8, 2021.

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
March 8, 2021