

**TIOGA COUNTY LOCAL
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2020

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tioga County Local Development Corporation
Owego, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Tioga County Local Development Corporation, (a nonprofit local development corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

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 Tioga County Local 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 25, 2021, on our consideration of Tioga County Local 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 solely 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 effectiveness of the Tioga County Local Development Corporation's 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 Tioga County Local Development Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
March 25, 2021

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 85,646	\$ 63,419
Grants receivable - ILNY	28,877	-
Security deposit	1,250	1,250
Total current assets	115,773	64,669
Total Assets	\$ 115,773	\$ 64,669
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued payroll liabilities	\$ 104	\$ 104
Total current liabilities	104	104
Net Assets		
Net assets without donor restrictions	115,669	64,565
Total net assets	115,669	64,565
Total Liabilities and Net Assets	\$ 115,773	\$ 64,669

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

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Statements of Activities
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Occupancy tax funding	\$ 230,000	\$ 230,000
Grant revenue - ILNY	28,877	92,360
Gain on extinguishment of debt	17,900	-
DEC arts grant income	4,880	-
Cooperative marketing - ILNY	2,941	21,881
Other income	2,090	634
Interest income	94	92
Total revenues and other support	286,782	344,967
Program Expenses		
Wages and related expenses	92,738	91,819
ILNY program expense	80,952	184,720
Rent	12,016	9,923
Legal and accounting	8,527	8,351
Internet/software	8,158	6,475
Advertising	5,717	7,301
Digital marketing	5,235	2,335
DEC arts grant expense	4,880	-
Opportunity fund	3,722	4,461
Insurance	3,345	5,013
Collateral	2,640	13,498
Tourism	2,616	1,605
Office supplies	2,149	3,294
Utilities	2,034	2,111
Conferences and education	607	2,102
Public relations	342	130
Memberships	-	1,099
Total expenses	235,678	344,237
Change in Net Assets Without Donor Restrictions	51,104	730
Net Assets Without Donor Restrictions - Beginning	64,565	63,835
Net Assets Without Donor Restrictions - Ending	\$ 115,669	\$ 64,565

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

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ 51,104	\$ 730
Adjustments		
Gain on extinguishment of debt	(17,900)	-
Changes in assets and liabilities		
Grants receivable	(28,877)	-
Accrued payroll liabilities	-	93
Net cash flows from operating activities	<u>4,327</u>	<u>823</u>
Cash Flows from Financing Activities		
Proceeds from paycheck protection program loan	<u>17,900</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	22,227	823
Cash and Cash Equivalents - Beginning	<u>63,419</u>	<u>62,596</u>
Cash and Cash Equivalents - Ending	<u>\$ 85,646</u>	<u>\$ 63,419</u>

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

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Corporation

Nature of Corporation - The Tioga County Local Development Corporation (the "Corporation") has a stated mission to support the expansion, encouragement and development of economic opportunity and employment in Tioga County, New York. The Corporation is responsible for promoting growth of the tourism industry of Tioga County by promoting its attractions, the rural character, quality of life, and charm of the County to attract out-of-county visitors.

Basis of Accounting - The Corporation prepares its financial statements on the accrual basis of accounting.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation - The Corporation's financial statements are presented in accordance with the provisions of (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities." As a result, the Corporation reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Corporation's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Corporation or are required to be held in perpetuity.

Net Assets Without Donor Restriction - Net assets without donor restriction represent net assets that are not subject to donor imposed stipulations and are generally available for support of the Corporation's activities. The Board of Directors has discretionary control over these resources to carry out the operations of the Corporation in accordance with its by-laws.

Liquidity - The Corporation has \$114,523 of financial assets available within one year of the statement of financial position date consisting of \$85,646 of cash and \$28,877 of grants receivable. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

Cash and Cash Equivalents - For the purposes of the statements of financial position and cash flows, cash and cash equivalents include deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Property, Equipment and Depreciation - Property and equipment are recorded at cost if purchased, or at fair market value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. It is the Corporation's policy to capitalize all assets with a cost of \$1,000 or greater and an estimated useful life of more than one year.

Contributions - In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made". ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional. This guidance is effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Notes to Financial Statements

Grants and Contributions - Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions.

Expense Allocation - The costs of providing programs and other activities have been adequately detailed in the statement of activities. All expenses are classified as program services expenses for the years ended December 31, 2020 and 2019.

Income Taxes - The Corporation is a nonprofit corporation and is exempt from income tax under New York State Article 14 as a local development corporation. Accordingly, no provision for taxes has been made.

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the Corporation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Management believes that the Corporation is currently operating in compliance with the applicable requirements of the Internal Revenue Code and therefore, no liability for unrecognized tax benefits has been included on the Corporation's financial statements.

Advertising - The Corporation expenses all advertising costs as they are incurred. Advertising expense for the years ended December 31, 2020 and 2019 was \$5,717 and \$7,301, respectively.

Subsequent Events - The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

Note 2. Related Parties

The Tioga County Legislature appoints the Corporation's nine directors. The Director of the County's Department of Economic Development and Planning serves as President of the Corporation.

Note 3. Rental Lease Agreement

The Corporation entered into a lease agreement during 2018 with Gateway Owego, LLC. The lease agreement provides for payments of rent at a rate of \$900 per month for a term of 10 years beginning on September 1, 2019 and ending on August 31, 2028. The terms of the lease agreement include an annual increase of 2.5%. Total rent expense for the years ending December 31, 2020 and 2019 was \$12,016 and \$9,923, respectively.

Future minimum lease payments for office space are currently estimated as follows:

2021	\$ 11,347
2022	11,630
2023	11,921
2024	12,219
2025	12,525
Thereafter	37,236
Total	<u>\$ 96,878</u>

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Notes to Financial Statements

Note 4. SIMPLE Plan

The Corporation has adopted a SIMPLE retirement plan. The plan covers full-time employees with a contribution of 3% of annual salary. For the years ended December 31, 2020 and 2019, contributions were made on behalf of full-time employees in the amounts of \$2,334 and \$2,265, respectively. These amounts are included on the statement of activities as part of wages and related expenses.

Note 5. Concentration of Revenue

During the years ended December 31, 2020 and 2019, the Corporation's revenue included amounts received from Tioga County for occupancy taxes which amounted to approximately 80% and 67% of the Corporation's revenue, respectively, as well as revenue received from New York State Empire Development which amount to approximately 10% and 27% of the Corporation's revenue, respectively.

Note 6. Paycheck Protection Program

In May, 2020, the Corporation received loan proceeds in the amount of approximately \$17,900 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. As of December 31, 2020, the Association met all conditions and the loan was forgiven. Gain on extinguishment of the PPP loan has been recorded in the amount of \$17,900 as of December 31, 2020.

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
Tioga County Local Development Corporation
Owego, 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 of America, the financial statements of the Tioga County Local Development Corporation (a nonprofit local development corporation), which comprise the statement of financial position as of December 31, 2020, 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 March 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tioga County Local Development Corporation's internal control over financial reporting (internal control) as a basis for designing 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 Tioga County Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Tioga County Local Development 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 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 Tioga County Local Development 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 the financial statement. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Corning, New York
March 25, 2021