

**TIOGA COUNTY LOCAL  
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**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 Audit of the Financial Statements

#### Opinion

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, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements, referred to above, present fairly, in all material respects, the financial position of the Tioga County Local Development Corporation as of December 31, 2021 and 2020, 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.

#### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tioga County Local Development Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tioga County Local Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tioga County Local Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tioga County Local Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, 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 29, 2022

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 242,169	\$ 85,646
Grants receivable - ILNY	-	28,877
Security deposit	1,250	1,250
Total current assets	243,419	115,773
<b>Total Assets</b>	<b>\$ 243,419</b>	<b>\$ 115,773</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued payroll liabilities	\$ 104	\$ 104
Deferred revenue	103,000	-
Total current liabilities	103,104	104
<b>Net Assets</b>		
Net assets without donor restrictions	140,315	115,669
Total net assets	140,315	115,669
<b>Total Liabilities and Net Assets</b>	<b>\$ 243,419</b>	<b>\$ 115,773</b>

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Occupancy tax funding	\$ 203,000	\$ 230,000
Grant revenue - ILNY	28,672	28,877
Gain on extinguishment of debt	17,930	17,900
Cooperative marketing - ILNY	12,555	2,941
Other income	7,224	2,090
Interest income	84	94
DEC arts grant income	-	4,880
Total revenues and other support	269,465	286,782
<b>Program Expenses</b>		
Wages and related expenses	96,761	92,738
ILNY program expense	76,996	80,952
Advertising	13,123	5,717
Opportunity fund	12,501	3,722
Rent	11,394	12,016
Internet/software	11,294	8,158
Legal and accounting	8,275	8,527
Insurance	6,332	3,345
Utilities	1,905	2,034
Digital marketing	1,434	5,235
Office supplies	1,293	2,149
Memberships	1,200	-
Collateral	1,041	2,640
Conferences and education	729	607
Public relations	541	342
DEC arts grant expense	-	4,880
Tourism	-	2,616
Total expenses	244,819	235,678
<b>Change in Net Assets Without Donor Restrictions</b>	24,646	51,104
<b>Net Assets Without Donor Restrictions - Beginning</b>	115,669	64,565
<b>Net Assets Without Donor Restrictions - Ending</b>	\$ 140,315	\$ 115,669

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets without donor restrictions	\$ 24,646	\$ 51,104
Adjustments		
Gain on extinguishment of debt	(17,930)	(17,900)
Changes in assets and liabilities		
Grants receivable	28,877	(28,877)
Deferred revenue	103,000	-
Net cash flows from operating activities	<u>138,593</u>	<u>4,327</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from paycheck protection program loan	<u>17,930</u>	<u>17,900</u>
<b>Net Change in Cash and Cash Equivalents</b>	156,523	22,227
<b>Cash and Cash Equivalents - Beginning</b>	<u>85,646</u>	<u>63,419</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 242,169</u>	<u>\$ 85,646</u>

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

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Notes to Financial Statements**

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**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 Accounting Standards Update (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. The Board of Directors has discretionary control over these resources to carry out the operations of the Corporation in accordance with its by-laws. 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. As of December 31, 2021 and 2020, all net assets are classified as without donor restriction.

**Liquidity** - The Corporation has \$242,169 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents. 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. The Corporation does not currently have any property and equipment to record.

**Deferred Revenue** - During 2021, the Corporation received \$100,000 in funding from the County of Tioga from the American Rescue Plan Act. These funds have not been spent by the Corporation as of December 31, 2021 and are therefore recorded as deferred revenue on the statement of financial position. Also included in deferred revenue is \$3,000 related to the DEC arts grant that was received by Corporation but not expensed as of December 31, 2021.



**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Notes to Financial Statements**

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**Contributions** – The Corporation’s financial statements are presented in accordance with the provisions of 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.

**Grant Revenue** - Grants 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 grants are reported as increases in net assets with donor restrictions. Grants accounted for as conditional contributions are recorded as revenue as the conditions of the grant are met. Amounts unspent of conditional contributions are recorded as deferred revenue.

**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, 2021 and 2020.

**Income Taxes** - The Corporation is a nonprofit corporation and is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code and exempt from state income tax under New York State Article 14 as a local development corporation. Accordingly, no provision for taxes has been made.

In accordance with Accounting Standards Codification (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. The exempt Organization’s informational returns are subject to audit by various taxing authorities.

**Advertising** - The Corporation expenses all advertising costs as they are incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$13,123 and \$5,717, respectively.

**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. 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, 2021 and 2020, contributions were made on behalf of full-time employees in the amounts of \$2,501 and \$2,334, respectively. These amounts are included on the statement of activities as part of wages and related expenses.

**Note 4. Concentration of Revenue**

During the years ended December 31, 2021 and 2020, the Corporation’s revenue included amounts received from Tioga County for occupancy taxes which amounted to approximately 75% and 80% of the Corporation’s revenue, respectively, as well as revenue received from New York State Economic Development which amount to approximately 11% and 10% of the Corporation’s revenue, respectively.

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Notes to Financial Statements**

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**Note 5. 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, 2021 and 2020 was \$11,394 and \$12,016, respectively.

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

2022	\$ 11,630
2023	11,921
2024	12,219
2025	12,525
2026	12,838
Thereafter	24,399
Total	<u>\$ 85,532</u>

**Note 6. Paycheck Protection Program**

In May, 2020, the Corporation received loan proceeds in the amount of \$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. In December 31, 2020, the Corporation met all conditions and the loan was forgiven. Gain on extinguishment of the PPP loan was recorded in the amount of \$17,900 as of December 31, 2020.

In April, 2021, the Corporation received loan proceeds in the amount of \$17,930 under the second round of the Paycheck Protection Program ("PPP"). As of December 31, 2021, the Corporation met all conditions and the loan was forgiven. Gain on extinguishment of the PPP loan has been recorded in the amount of \$17,930 as of December 31, 2021.

**Note 7. Functional Expenses**

The costs of providing the programs and other activities have been summarized on a functional basis as follows:

	<u>2021</u>	<u>2020</u>
Program services	\$ 196,921	\$ 187,325
Management and general	47,898	48,353
Total expenses	<u>\$ 244,819</u>	<u>\$ 235,678</u>

**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, 2021, 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 29, 2022.

**Report on 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 or significant deficiencies may exist that were not identified.

## **Report on 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 financial statements. 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 29, 2022