

**TIOGA COUNTY LOCAL  
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**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, 2022 and 2021, 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 present fairly, in all material respects, the financial position of the Tioga County Local Development Corporation as of December 31, 2022 and 2021, 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.

#### Change in Accounting Principle

As discussed in Note 8 to the financial statements, the Corporation adopted ASC 842 Leases. Our opinion is not modified with respect to this matter.

#### 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 31, 2023, 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 31, 2023

**TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 99,059	\$ 242,169
Grants receivable	132,334	-
Security deposit	1,250	1,250
Total current assets	232,643	243,419
<b>Other Assets</b>		
Right-of-use asset - net	63,323	-
<b>Total Assets</b>	\$ 295,966	\$ 243,419
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued payroll liabilities	\$ 134	\$ 104
Deferred revenue	70,085	103,000
Lease liability - current portion	10,525	-
Total current liabilities	80,744	103,104
<b>Long-Term Liabilities</b>		
Lease liability - net	52,798	-
<b>Total Liabilities</b>	133,542	103,104
<b>Net Assets</b>		
Net assets without donor restrictions	162,424	140,315
Total net assets	162,424	140,315
<b>Total Liabilities and Net Assets</b>	\$ 295,966	\$ 243,419

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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Occupancy tax funding	\$ 185,000	\$ 203,000
Grant reimbursement - USDA - recruitment website	94,000	-
DRI Tioga Arts Council	85,005	-
Grant revenue - ILNY	51,480	28,672
ARPA funding	39,992	-
Grant reimbursement - USDA - online services	20,055	-
Cooperative marketing - ILNY	11,973	12,555
Supplemental income	216	-
Interest income	95	84
Other income	80	25,154
Total revenues and other support	487,896	269,465
<b>Program Expenses</b>		
Grant expenses	199,060	-
Wages and related expenses	106,533	96,761
ILNY program expense	102,740	76,996
Rent	11,679	11,394
Internet/software	10,605	11,294
Legal and accounting	8,337	8,275
Insurance	6,648	6,332
Memberships	5,272	1,200
Advertising	3,609	13,123
Conferences and education	3,400	729
Utilities	2,207	1,905
Office supplies	1,558	1,293
Tourism	1,510	-
Audio/Visual	888	-
Digital marketing	840	1,434
Opportunity fund	790	12,501
Public relations	71	541
Collateral	40	1,041
Total expenses	465,787	244,819
<b>Change in Net Assets Without Donor Restrictions</b>	22,109	24,646
<b>Net Assets Without Donor Restrictions - Beginning</b>	140,315	115,669
<b>Net Assets Without Donor Restrictions - Ending</b>	\$ 162,424	\$ 140,315

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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets without donor restrictions	\$ 22,109	\$ 24,646
Adjustments		
Gain on extinguishment of debt	-	(17,930)
Changes in assets and liabilities		
Grants receivable	(132,334)	28,877
Accrued payroll liabilities	30	-
Deferred revenue	(32,915)	103,000
Net cash flows from operating activities	<u>(143,110)</u>	<u>138,593</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from paycheck protection program loan	<u>-</u>	<u>17,930</u>
<b>Net Change in Cash and Cash Equivalents</b>	(143,110)	156,523
<b>Cash and Cash Equivalents - Beginning</b>	<u>242,169</u>	<u>85,646</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 99,059</u>	<u>\$ 242,169</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, 2022 and 2021, all net assets are classified as without donor restriction.

**Liquidity** - The Corporation has \$99,059 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.

**Grant Receivable/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.

**Deferred Revenue** - The Corporation received \$100,000 in funding from the County of Tioga from the American Rescue Plan Act. A portion of these funds have not been spent by the Corporation as of December 31, 2022 and therefore \$60,008 is recorded as deferred revenue on the statement of financial position. Also included in deferred revenue is \$3,000 related to the DEC arts grant and \$7,077 related the ILNY grant, both of which were received by Corporation but not expensed as of December 31, 2022.



**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.

**Revenue Recognition** – Under Accounting Standards Update (ASU) No 2014-09 (Topic 606) - Revenue from Contracts with Customers (“ASU 2014-09” or “Topic 606”), revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for these goods or services. The Corporation utilizes a five-step framework as identified in ASU 2014-09. The primary sources of revenue from contracts with customers for the Corporation are as follows:

**Grant Revenue** – Grant revenue consists of amounts received from federal, state or local agencies based on the terms of the related grant agreement. Revenue for reimbursable grants is reported as the expenses are incurred and grant funds received in advance of expenses are record as deferred revenue.

Billings, cash collections and timing of revenue recognition result in receivables and deferred revenue on the balance sheet. The receivables represent revenue or deferred revenue recognized in excess of amounts collected. The liability, deferred revenue, represents billings in excess of revenues recognized. This liability is removed when revenue is recognized.

Receivables and deferred revenue were as follows at December 31:

	<u>Grants Receivable</u>	<u>Deferred Grants</u>
2022	\$ 132,334	\$ 70,085
2021	\$ -	\$ 103,000
2020	\$ 28,877	\$ -

The timing of revenue recognition was as follows:

	<u>2022</u>	<u>2021</u>
Other support and revenue	<u>\$ 290,532</u>	<u>\$ 28,672</u>

**Expense Allocation** - The costs of providing programs and other activities have been adequately detailed in the statement of activities. Accordingly, certain costs have been allocated amount program services and management and general. Salaries and related taxes are allocated among program services and management and general based on time and effort. Office and miscellaneous expenses are allocated based on direct usage.

**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 Corporation’s informational returns are subject to audit by various taxing authorities.

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

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**Advertising** - The Corporation expenses all advertising costs as they are incurred. Advertising expense for the years ended December 31, 2022 and 2021 was \$3,609 and \$13,123, 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, 2022 and 2021, contributions were made on behalf of full-time employees in the amounts of \$2,573 and \$2,501, 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, 2022 and 2021, the Corporation's revenue included amounts received from Tioga County for occupancy taxes which amounted to approximately 38% and 75% of the Corporation's revenue, respectively, as well as grant revenue received from the United States Department of Agriculture (USDA) to approximately 23% and -% of the Corporation's revenue, respectively.

**Note 5. Leases**

The Corporation leases office space under an operating lease and has elected the practical expedient not to separate lease and nonlease components for all of lease transactions. The lease provides for monthly payments of \$969 and expires in October 2028. The lease asset and liability was calculated using the risk-free discount rate at the later of lease inception or period of adoption, unless explicitly stated, in accordance with the Corporation's accounting policies. Additional information about the Corporation's leases are as follows:

	<u>2022</u>
Lease expense:	
Operating lease:	
Program expenses	\$ 11,679
Weighted Averages:	
Remaining lease terms:	
Operating lease	5.75 years
Discount Rate:	
Operating lease	1.89%

The aggregate maturity of the lease payments under ASC 842 for the five years following December 31, 2022 and thereafter is as follows:

2023	\$ 11,921
2024	12,219
2025	12,525
2026	12,838
2027	13,159
Thereafter	11,240
Total	<u>73,902</u>
Less: unamortized discount	(10,579)
Total lease liability	<u>\$ 63,323</u>

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

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Lease liability – Operating Lease:	
Current installments	\$ 10,525
Noncurrent installments	52,798
Total lease liability	\$ 63,323

The aggregate maturity of the lease payments under ASC 840 for the five years following December 31, 2021 and thereafter is as follows:

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

**Note 6. Paycheck Protection Program**

In April, 2021, the Corporation received loan proceeds in the amount of \$17,930 under the second round of 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, 2021, the Corporation met all conditions and the loan was forgiven. Gain on extinguishment of the PPP loan was 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>2022</u>	<u>2021</u>
Program services	\$ 412,987	\$ 196,921
Management and general	52,800	47,898
Total expenses	\$ 465,787	\$ 244,819

**Note 8. Change in Accounting Principle**

In January 2022, the Corporation adopted ASC 842 Leases. ASC 842 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The Corporation elected to apply this standard on a modified retrospective transition approach for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Entities have the option to continue to apply historical accounting under Topic 840, including its disclosure requirements, in comparative periods presented in the year of adoption.

The adoption had a material impact on the Corporation’s statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. Adoption of the standard required the Corporation to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets and operating lease liabilities of \$73,651.

**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, 2022, 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 31, 2023.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

## **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*.

## **Tioga Local Development Corporation's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Tioga Local Development Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Tioga Local Development Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 entity'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 entity'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 31, 2023

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION  
Schedule of Findings and Responses  
For the Year Ended December 31, 2022

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

**FINDING 2022-001 - Material Weakness in Internal Control Over Financial Reporting - Auditor Involvement with Financial Statements and Multiple Adjustments:** Although we as auditors are involved in the process of drafting the financial statements and related footnotes, it is management's responsibility to maintain the necessary expertise and the proper system of controls to properly prevent or detect a material misstatement in the financial statements. In our judgment, the absence of our involvement in the preparation of the financial statements, including all necessary footnotes and adjusting journal entries would result in material misstatements that would not be prevented or detected by the Corporation.

**Recommendation:** The Corporation can continue to utilize its auditors for assistance in the preparation of the financial statements, but we will be required to report this deficiency each year that our judgment remains the same.

**Management Response:** *Management acknowledges the auditor's material weakness of internal controls finding and recommendations. We commit to following the auditors advice. We will address the recommended adjustments in a timely manner and seek auditors guidance during the process with the goal of having a clear accounting of all financials going forward.*

**FINDINGS - COMPLIANCE AND OTHER MATTERS**

NONE