

**TIOGA COUNTY LOCAL
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION

TABLE OF CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 9
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 <i>GOVERNMENT AUDITING STANDARDS</i>	10 - 11
SCHEDULE OF FINDINGS AND RESPONSES	12
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES	13

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, 2023 and 2022, 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, 2023 and 2022, 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 26, 2024, 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 26, 2024

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 148,738	\$ 99,059
Grants receivable	62,600	132,334
Total current assets	211,338	231,393
Other Assets		
Right-of-use asset - net	52,798	63,323
Security deposit	1,250	1,250
Total other assets	54,048	64,573
Total Assets	\$ 265,386	\$ 295,966
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued payroll liabilities	\$ 315	\$ 134
Deferred revenue	22,573	70,085
Lease liability - current portion	10,725	10,525
Total current liabilities	33,613	80,744
Long-Term Liabilities		
Lease liability - net	42,073	52,798
Total Liabilities	75,686	133,542
Net Assets		
Net assets without donor restrictions	189,700	162,424
Total net assets	189,700	162,424
Total Liabilities and Net Assets	\$ 265,386	\$ 295,966

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Occupancy tax funding	\$ 170,000	\$ 170,000
Tioga Downs Casino funding	15,000	15,000
Grant reimbursement - NYS - DRI Tioga Arts Council and Wayfinding Signs	175,000	85,005
Grant revenue - ILNY	56,518	51,480
ARPA funding	40,435	39,992
Cooperative marketing - ILNY	17,757	11,973
DEC arts grant income	4,200	-
Grant reimbursement - USDA - online services	3,200	20,055
Supplemental income	169	216
Interest income	98	95
Grant reimbursement - USDA - recruitment website	-	94,000
Other income	-	80
Total revenues	482,377	487,896
Program Expenses		
Grant expenses	181,085	199,060
ILNY program expense	112,854	102,740
Wages and related expenses	111,586	106,533
Rent	11,971	11,679
Internet/software	11,128	10,605
Legal and accounting	9,090	8,337
Insurance	6,954	6,648
Conferences and education	3,412	3,400
Utilities	2,097	2,207
Opportunity fund	1,377	790
Office supplies	1,111	1,558
Tourism	750	1,510
Memberships	600	5,272
Digital marketing	525	840
Collateral	286	40
Advertising	275	3,609
Audio/Visual	-	888
Public relations	-	71
Total expenses	455,101	465,787
Change in Net Assets Without Donor Restrictions	27,276	22,109
Net Assets Without Donor Restrictions - Beginning	162,424	140,315
Net Assets Without Donor Restrictions - Ending	\$ 189,700	\$ 162,424

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ 27,276	\$ 22,109
Changes in assets and liabilities		
Grants receivable	69,734	(132,334)
Accrued payroll liabilities	181	30
Deferred revenue	(47,512)	(32,915)
Net cash flows from operating activities	<u>49,679</u>	<u>(143,110)</u>
Net Change in Cash and Cash Equivalents	49,679	(143,110)
Cash and Cash Equivalents - Beginning	<u>99,059</u>	<u>242,169</u>
Cash and Cash Equivalents - Ending	<u>\$ 148,738</u>	<u>\$ 99,059</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Amounts Included in Measurement of Lease Liabilities		
Capital lease principal payments	<u>\$ 10,525</u>	<u>\$ 10,328</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 County). 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, 2023 and 2022, all net assets are classified as without donor restriction.

Liquidity - The Corporation has \$211,338 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents of \$148,738 and grants receivable of \$62,600. 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 statements of cash flows, cash and cash equivalents include deposits with original maturities of three months or less. The Corporation maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits. At December 31, 2023 and 2022, the Corporation had no amounts in excess of the federally insured limits.

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.

At the beginning of 2023, the Corporation adopted Accounting Standards Codification 326, *Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*, as amended which modifies the measurement of expected credit losses on certain financial instruments, including grants receivable, and requires organizations to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportable forecasts for collectability. The Corporation adopted this new standard utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Corporation's financial statements.

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Notes to Financial Statements

Deferred Revenue - The Corporation received \$100,000 in funding from the County from the American Rescue Plan Act. A portion of these funds have not been spent by the Corporation and as of December 31, 2023 and 2022, \$19,573 and \$60,008, respectively 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 for the years ended December 31, 2023 and 2022. During the year ended December 31, 2022 there was an additional amount of \$7,077 related the ILNY grant recorded as deferred revenue.

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>
2023	\$ 62,600	\$ 22,573
2022	\$ 132,334	\$ 70,085
2021	\$ -	\$ 103,000

The timing of revenue recognition was as follows:

	<u>2023</u>	<u>2022</u>
Other support and revenue	\$ 275,153	\$ 290,532

Expense Allocation - 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.

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Notes to Financial Statements

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.

Advertising - The Corporation expenses all advertising costs as they are incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$275 and \$3,609, 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, 2023 and 2022, contributions were made on behalf of full-time employees in the amounts of \$2,886 and \$2,573, respectively. These amounts are included on the statements of activities as part of wages and related expenses.

Note 4. Concentration of Revenue

During the years ended December 31, 2023 and 2022, the Corporation's revenue included amounts received from Tioga County for occupancy taxes which amounted to approximately 35% of the Corporation's revenue, as well as grant revenue received from the United States Department of Agriculture (USDA) to approximately -% and 23% of the Corporation's revenue and grant revenue related to the DRI Tioga Arts Council and Wayfinding Signs which amounted to approximately 36% and 17%, respectively.

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Notes to Financial Statements

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. Leases with a term of less than 12 months will not record a right of use asset and lease liability and these payments will be charged to expense. The Corporation also elected the package of practical expedients permitted under the guidance. Additional information about the Corporation's leases are as follows:

	<u>2023</u>	<u>2022</u>
Lease expense:		
Capital lease:		
Program expenses	\$ 11,971	\$ 11,679
Weighted Averages:		
Remaining lease terms:		
Operating lease	4.75 years	5.75 years
Discount Rate:		
Operating lease	1.89%	1.89%

The aggregate maturity of the lease payments under ASC 842 for the five years following December 31, 2023 and thereafter is as follows:

2024		\$ 12,219
2025		12,525
2026		12,838
2027		13,159
2028		11,238
Total		61,979
Less: unamortized discount		(9,181)
Total lease liability		\$ 52,798
Lease liability - Capital Lease:		
Current installments		\$ 10,725
Noncurrent installments		42,073
Total lease liability		\$ 52,798

Note 6. Functional Expenses

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

	<u>2023</u>	<u>2022</u>
Program services	\$ 403,531	\$ 412,987
Management and general	51,570	52,800
Total expenses	\$ 455,101	\$ 465,787

Note 7. Reclassifications

Certain reclassifications have been made to the financial statements for the year ended December 31, 2022. These reclassifications are for comparative purposes only and have no effect on the change in net assets as originally reported.

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, 2023, 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 26, 2024.

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 organization'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 26, 2024

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Schedule of Findings and Responses
For the Year Ended December 31, 2023

FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

FINDINGS - COMPLIANCE AND OTHER MATTERS

NONE

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION
Summary Schedule of Prior Year Findings and Responses
For the Year Ended December 31, 2023

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.

Current Status: *This finding is considered resolved for the year ended December 31, 2023.*

FINDINGS - COMPLIANCE AND OTHER MATTERS

NONE