

**STEUBEN AREA ECONOMIC
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2020

STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Steuben Area Economic Development Corporation
Bath, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Steuben Area Economic 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 Steuben Area Economic 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 Steuben Area Economic 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 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 Steuben Area Economic Development Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

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

STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 153,231	\$ 163,181
Certificate of deposit	98,340	98,021
Total current assets	<u>251,571</u>	<u>261,202</u>
Total Assets	<u>\$ 251,571</u>	<u>\$ 261,202</u>
LIABILITIES AND NET ASSETS		
Net Assets - Without Donor Restrictions	<u>\$ 251,571</u>	<u>\$ 261,202</u>
Total Liabilities and Net Assets	<u>\$ 251,571</u>	<u>\$ 261,202</u>

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

STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Statements of Activities
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Grant income	\$ -	\$ 800,000
Interest income	319	1,862
Total revenues	319	801,862
Expenses		
Program:		
Grant disbursements	-	800,000
Management and general:		
Accounting	1,850	1,750
Insurance expense	-	382
Legal	-	1,395
Marketing	3,000	-
Miscellaneous expense	1,250	1,700
Program expense	3,600	3,600
Website	250	1,560
Total expenses	9,950	810,387
Change in Net Assets Without Donor Restrictions	(9,631)	(8,525)
Net Assets Without Donor Restrictions - Beginning	261,202	269,727
Net Assets Without Donor Restrictions - Ending	\$ 251,571	\$ 261,202

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

STEUBEN AREA ECONOMIC 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	\$ (9,631)	\$ (8,525)
Cash Flows from Investing Activities		
Interest income	<u>(319)</u>	<u>(1,862)</u>
Net Change in Cash and Cash Equivalents	(9,950)	(10,387)
Cash and Cash Equivalents - Beginning	<u>163,181</u>	<u>173,568</u>
Cash and Cash Equivalents - Ending	<u>\$ 153,231</u>	<u>\$ 163,181</u>

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

STEBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements

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

Nature of Organization - The Steuben Area Economic Development Corporation (the "Corporation") has been established to aid Steuben County in promoting the economic welfare of its inhabitants and to actively promote, attract, encourage, and develop economically sound commerce and industry by enhancing job opportunities through assistance in constructing, maintaining and equipping industrial, commercial, manufacturing, and research facilities. The Corporation is designed to function as a prime community resource.

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 Organization'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 Organization 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 Organization'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 Organization or are required to be held in perpetuity. The Corporation did not have any net assets with donor restrictions for the years ended December 31, 2020 and 2019.

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 \$251,571 of financial assets available within one year of the statement of financial position date consisting of \$153,231 of cash and \$98,340 of investments. None of these financial assets are subject to donor or contractual restricts 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. The Corporation maintains cash and cash equivalents at financial institutions which periodically may exceed insured limits.

Certificate of Deposit - The Corporation invests cash in excess of immediate needs in certificates of deposits with high credit quality financial institutions. Non-negotiable certificates of deposit are valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments. Interest income, which approximate change in the fair value of investments, are recorded in the statements of activities.

STEBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements

Grant Income and Expenditures - Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met. During the year ended December 31, 2019, all grant income received and recognized was passed through to Corning Community College Development Foundation and Corning Properties, Inc. No grant income or expense occurred during 2020.

Revenue Recognition - 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.

Expense Allocation - The costs of providing programs and other activities have been adequately detailed in the statement of activities. Allocations of management and general expenses among program and supporting services is not considered significant to the operations of the Corporation therefore, no such allocation has been provided.

Related Party - The Corporation is related through common employees and Board of Directors membership with the Steuben County Industrial Development Agency (IDA), which also promotes economic development in the County. The IDA contributes the services of certain employees to the Corporation. These contributed services were deemed immaterial for the years ended December 31, 2020 and 2019, and, accordingly, the value of such services were not recorded in the accompanying financial statements.

Income Taxes - The Corporation is a not-for-profit 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.

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. Deposits and Investments

The Corporation's investment policies are governed by State law. Collateral is required for demand deposits, certificates of deposit, and repurchase agreements not covered by federal deposit insurance. Obligations which may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The Corporation has a formal investment policy which is in compliance with the laws of the State of New York, Chapter 838, Title 7, Section 2925. The Corporation is permitted to invest funds in the following types of investments: special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America and obligations of the State of New

STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements

York. All deposits of the Corporation are public funds and shall have a pledge of collateral by the bank or trust company in which the funds are deposited. The Corporation may contract for the purchase of investments in the following manners: directly, including through a repurchase agreement, from an authorized trading partner, by participation in a cooperative investment program with another authorized governmental entity or by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board. It is the policy of the Corporation to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling. The Corporation maintains a listing of financial institutions and dealers approved for investment purposes. The Corporation also establishes appropriate limits to the amount of investments which can be made with each financial institution or dealer. The Corporation maintains proper books and records supporting all investment and deposit accounts held by the Corporation.

All deposits of the Corporation as of December 31, 2020 were fully covered by FDIC insurance.

Investments - The Corporation has invested excess cash in a non-negotiable certificate of deposit with a local financial institution. The certificate is subject to a fixed interest rate of 1.01% with an original maturity of twelve months, with penalties for early withdrawal. Any penalties would not have a material effect on the financial statements.

Note 3. Bond Issues

The Corporation has entered into conduit financing arrangements where the primary function of the Corporation was to arrange financing through the issuance of Industrial Revenue Bonds between the companies identified below and the bond holders. As conduit financing arrangements, the assets and liabilities resulting from the transactions are not recorded in these financial statements.

Although not part of the accounting system, New York State statute requires disclosure of these bond issues. As of December 31, 2020 and 2019, there were outstanding bonds with an aggregate amount payable of \$14,244,293 and \$14,657,625, respectively.

Note 4. Functional Expenses

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

	<u>2020</u>	<u>2019</u>
Program services	\$ -	\$ 800,000
Management and general	9,950	10,837
Total expenses	<u>\$ 9,950</u>	<u>\$ 810,837</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
Steuben Area Economic Development Corporation
Bath, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Steuben Area Economic 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 Steuben Area Economic 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 Steuben Area Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Steuben Area Economic 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 Steuben Area Economic 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
Rochester, New York
March 25, 2021