

**STEUBEN AREA ECONOMIC
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

DRAFT

STEUBEN AREA ECONOMIC 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 - 8
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>	9 - 10

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 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 Steuben Area Economic 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 Steuben Area Economic 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 Steuben Area Economic 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 Steuben Area Economic 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 Steuben Area Economic 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 28, 2024, 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.

Kristie M. Beach, CPAs, PLLC
Webster, New York
March 28, 2024

STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 130,442	\$ 139,143
Certificate of deposit	99,367	98,580
Total current assets	<u>229,809</u>	<u>237,723</u>
Total Assets	<u>\$ 229,809</u>	<u>\$ 237,723</u>
LIABILITIES AND NET ASSETS		
Net Assets - Without Donor Restrictions	<u>\$ 229,809</u>	<u>\$ 237,723</u>
Total Liabilities and Net Assets	<u>\$ 229,809</u>	<u>\$ 237,723</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Interest income	\$ 787	\$ 147
Expenses		
Program services:		
Program expense	3,600	3,600
Management and general:		
Accounting	1,750	975
Insurance expense	401	401
Marketing	1,200	100
Miscellaneous expense	1,500	1,522
Website	250	250
Total management and general	5,101	3,248
 Total expenses	 8,701	 6,848
 Change in Net Assets Without Donor Restrictions	 (7,914)	 (6,701)
 Net Assets Without Donor Restrictions - Beginning	 237,723	 244,424
 Net Assets Without Donor Restrictions - Ending	 \$ 229,809	 \$ 237,723

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ (7,914)	\$ (6,701)
Cash Flows from Investing Activities		
Interest income	<u>(787)</u>	<u>(147)</u>
Net Change in Cash and Cash Equivalents	(8,701)	(6,848)
Cash and Cash Equivalents - Beginning	<u>139,143</u>	<u>145,991</u>
Cash and Cash Equivalents - Ending	<u>\$ 130,442</u>	<u>\$ 139,143</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 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 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. 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 Organization 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 \$229,809 of financial assets available within one year of the statement of financial position date consisting of \$130,442 of cash and \$99,367 of investments. 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 and certificates of deposit 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.

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, is recorded in the statements of activities.

Revenue Recognition - Under 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 organization expects to be entitled in exchange for these goods or services. The organization's revenue from contracts mainly consists of administrative income earned on economic development projects. Administrative income is recognized at a point in time, when services are rendered.

STEBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements

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.

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, 20223 and 2022, and, accordingly, the value of such services were not recorded in the accompanying financial statements.

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.

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 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.

STEUBEN AREA ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements

All deposits of the Corporation as of December 31, 2023 and 2022 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 5.00% with an original maturity of twelve months, with penalties for early withdrawal. The certificate matures on July 19, 2024. 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 a company and the bond holder. As conduit financing arrangements, the asset and liability resulting from the transaction 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, 2023 and 2022, there were outstanding bonds with an aggregate amount payable of \$13,148,972 and \$13,702,553, respectively. The bond has a final maturity date of April 2044 with interest rates ranging from 3.75% to 4.8%.

Note 4. 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 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
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, 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 28, 2024.

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

Report on 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 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.

Kristie M. Beach, CPAs, PLLC
Webster, New York
March 28, 2024

DRAFT