

**CATTARAUGUS COUNTY ECONOMIC  
SUSTAINABILITY AND GROWTH  
CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**CATTARAUGUS COUNTY ECONOMIC  
SUSTAINABILITY AND GROWTH  
CORPORATION**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors

***Cattaraugus County Economic Sustainability and Growth Corporation***

We have audited the accompanying financial statements of ***Cattaraugus County Economic Sustainability and Growth Corporation*** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 ***Cattaraugus County Economic Sustainability and Growth Corporation*** as of December 31, 2018 and 2017, 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.

*Bysiek CPA, PLLC*

**BYSIEK CPA, PLLC  
MARCH 22, 2019  
OLEAN, NY 14760**

**CATTARAUGUS COUNTY ECONOMIC SUSTAINABILITY AND GROWTH CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**

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<i>As of December 31,</i>	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets		
Cash	\$ 369,706	\$ 183,373
Other assets		
Notes receivable	269,500	-
Total assets	<u>\$ 639,206</u>	<u>\$ 183,373</u>
<b>Liabilities and Net Assets</b>		
Net assets without donor restrictions	<u>\$ 639,206</u>	<u>-</u>

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***See independent auditor's report and accompanying notes to the financial statements***

**CATTARAUGUS COUNTY ECONOMIC SUSTAINABILITY AND GROWTH CORPORATION**  
**STATEMENTS OF ACTIVITIES**

*For the Year Ended December 31,*

	<u>2018</u>	<u>2017</u>
<b>Revenue</b>		
Grants	\$ 539,000	\$ -
Program income	186,949	-
Total revenue	<u>725,949</u>	<u>-</u>
<b>Expenses</b>		
Program services	269,500	-
Management and general	615	15
Total expenses	<u>270,115</u>	<u>15</u>
<b>Change in net assets</b>	<u>455,834</u>	<u>(15)</u>
<b>Net assets, beginning of year</b>	<u>183,373</u>	<u>183,388</u>
<b>Net assets, end of year</b>	<u>\$ 639,206</u>	<u>\$ 183,373</u>

**CATTARAUGUS COUNTY ECONOMIC SUSTAINABILITY AND GROWTH CORPORATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

*For the year ended December 31,*

	<b>2018</b>			<b>2017</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>	<b>Total</b>
Grant awards	\$ 269,500	\$ -	\$ 269,500	\$ -
Operating costs	-	615	615	15
Total expenses	<u>\$ 269,500</u>	<u>\$ 615</u>	<u>\$ 270,115</u>	<u>\$ 15</u>

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<i>For the Year Ended December 31,</i>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Receipts	\$ 725,949	\$ -
Payments	(270,115)	(15)
Net cash provided by operating activities	455,834	(15)
<b>Cash flows from investing activities</b>		
Proceeds from (payments on) notes receivable	(269,500)	77,663
<b>Net change in cash</b>	186,334	77,648
<b>Cash, beginning of year</b>	183,373	105,725
<b>Cash at end of year</b>	<u>\$ 369,706</u>	<u>\$ 183,373</u>

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Organization and Nature of Activities

**Cattaraugus County Economic Sustainability and Growth Corporation (CCESCG)** is a non-profit corporation formed to promote economic growth in Cattaraugus County through the attraction of new business and industry and the retention of existing businesses by providing resources that enable development and advance the well-being of the communities.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, recognizing revenues when earned and expenses when incurred.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of amounts held in checking and savings accounts, as well as any certificates of deposits with maturities of less than 90 days. At year-end and throughout the year, the Organization's cash balances were deposited in one bank. As of December 31, 2018 and 2017, the Organization's deposits did not exceed FDIC limits.

D. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. As of December 31, 2018 and 2017, **CCESCG** did not have any net assets with donor restrictions.

E. Property and Equipment

It is the Organization's policy to capitalize additions of equipment, furniture and other long-lived assets. Such amounts are reported at historical cost. Amounts incurred related to ongoing repairs and maintenance are expensed. Donated assets are capitalized at fair market value. Capital assets are depreciated using the straight-line method over their estimated useful lives.

F. Functional Expenses

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Expenses that are readily identifiable to a specific program or supporting service are charged directly to that service. Expenses attributable to more than one program or supporting service are allocated on a reasonable basis that is consistently applied.

G. Revenue and Revenue Recognition

Revenues and other support on the statements of activities are reported as either *Without Donor Restrictions* or *With Donor Restrictions* depending on the existence and/or nature of any donor restrictions. All revenues and other support are considered to be *Without Donor Restrictions* unless specifically restricted by the donor. Revenues and other support restricted by a donor are reported under *Without Donor Restrictions* if the restriction expires in the same year in which the support is recognized. When a restriction is met, *With Donor Restrictions* net assets are reclassified to *Without Donor Restrictions* and reported as net assets released from restrictions.

H. Date of Management's Review

Management has reviewed events and transactions through March 22, 2019, which is the date the accompanying financial statements were available to be issued.



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**I. Income Taxes

The Organization has applied for not-for-profit organization status as provided by the regulations set forth in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. Once exempt-status is granted, it is anticipated that the Organization will file information returns with the federal and New York State governments.

J. Contingencies

**CCESCG** receives grants from state and local government sources. Future funding is dependent on current economic conditions and community needs as defined by governmental units. The contracts related to these programs could be terminated or significantly reduced with minimal notice. In addition, the contracts are subject to audit by government agencies. Such audits may result in disallowances and a request for a return of funds. The Organization believes any such disallowances would be minimal.

K. Liquidity Management

As part of the Organization's liquidity management, it structures its financial assets to be available as general expenditures, liabilities and other obligations come due. The Organization's financial assets available within one year of the financial statement date for general expenditures include cash on deposit of \$369,706 and \$183,373 at December 31, 2018 and 2017, respectively.

**NOTE 2: GOVERNMENT GRANTS**

**CCESCG** has received all of its funding from state and local governmental sources. During the 2018 year, the Organization received a \$539,000 grant from New York State as part of its Community Development Block Grant (CDBG) program. The proceeds were passed through to a local company as a part-loan/part-grant. The loan, which amounts to \$269,500, is reported in the Statement of Financial Position as a note receivable. The grant, also amounting to \$269,500, is reported as an expense in the Statement of Activities.

**CCESCG** also received a distribution of program income of approximately \$187,000 from another Community Block Development Grant passed through from Cattaraugus County. The distribution is intended to finance a loan for another local company in future periods.

**NOTE 2: NOTES RECEIVABLE**

As referenced in Note 2, **CCESCG** has a note receivable in the amount of \$269,500 from a local company. The terms of the note call for monthly payments of principal and interest totaling \$2,602 commencing February 1, 2019. The payments will continue for a five-year term, with a balloon payment at the end of the term equal to the remaining principal balance due. Amounts due for the next five years are as follows:

2019	\$	23,464
2020		24,238
2021		24,975
2022		25,735
2023		171,276
Total	\$	<u>269,500</u>