

**CATTARAUGUS COUNTY ECONOMIC
SUSTAINABILITY AND GROWTH
CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

**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, 2019 and 2018, 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, 2019 and 2018, 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
FEBRUARY 29, 2020
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>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash	\$ 152,042	\$ 369,706
Notes receivable, current portion	53,409	21,481
Total current assets	<u>205,451</u>	<u>391,187</u>
Other assets		
Notes receivable, long-term portion	440,527	248,019
Total assets	<u>\$ 645,978</u>	<u>\$ 639,206</u>
Liabilities and Net Assets		
Net assets without donor restrictions	<u>\$ 645,978</u>	<u>\$ 639,206</u>

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>2019</u>	<u>2018</u>
Revenue		
Grants	\$ 10,123	\$ 539,000
Interest income	15,428	-
Program income	-	186,949
Total revenue	<u>25,551</u>	<u>725,949</u>
Expenses		
Program services	-	269,500
Management and general	18,780	615
Total expenses	<u>18,780</u>	<u>270,115</u>
Change in net assets	<u>6,771</u>	<u>455,834</u>
Net assets, beginning of year	<u>639,206</u>	<u>183,373</u>
Net assets, end of year	<u>\$ 645,978</u>	<u>\$ 639,206</u>

CATTARAUGUS COUNTY ECONOMIC SUSTAINABILITY AND GROWTH CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31,

	2019		2018	
	Program Services	Management and General	Total	Total
Grant awards	\$ -		\$ -	\$ 269,500
Professional fees		18,740	18,740	-
Office expenses		40	40	615
Total expenses	\$ -	\$ 18,780	\$ 18,780	\$ 270,115

<i>For the Year Ended December 31,</i>	2019	2018
Cash flows from operating activities		
Receipts	\$ 25,551	\$ 725,949
Payments	(18,780)	(270,115)
	6,771	455,834
Cash flows from investing activities		
Receipts from notes receivable	35,909	-
Proceeds from (payments on) notes receivable	(260,345)	(269,500)
	(224,436)	(269,500)
Net change in cash	(217,664)	186,334
Cash, beginning of year	369,706	183,373
Cash at end of year	\$ 152,042	\$ 369,706

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Organization and Nature of Activities

Cattaraugus County Economic Sustainability and Growth Corporation (CCESGC) 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. **CCESGC** received tax-exempt status under 501(c)(3) of the Internal Revenue Code on May 13, 2019.

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, 2019 and 2018, 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, 2019 and 2018, **CCESGC** 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. **CCESGC's** grant awards constitute non-exchange transactions, requiring application of the contribution accounting model, according to the provisions of ASU 2018-08. There are currently no conditions that contain a barrier; as such, grant revenues are recognized as unconditional contributions (although still labeled as grants in the financial statements). The Organization's grants do not have restrictions as defined by ASC 958-605-45-4), allowing for the recognition of grant revenue as an increase in net assets without donor restrictions when earned.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

H. Subsequent Events

Management has reviewed events and transactions through February 29, 2020, which is the date the accompanying financial statements were available to be issued.

I. Income Taxes

The Internal Revenue Service has classified **CCESGC** as exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. It has been determined that the Organization operates as a public charity and not as a private foundation. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization will file a Return for Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service. This return will remain open for examination by taxing authorities for a period of three years.

J. Contingencies

For the years ending December 31, 2019 and 2018, **CCESGC** received grants totaling \$10,123 and \$539,000 from New York State as part of its Community Development Block Grant (CDBG) program. The proceeds were used to fund loans and grants to local companies. 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 \$152,042 and \$369,706 at December 31, 2019 and 2018, respectively.

NOTE 2: NOTES RECEIVABLE

CCESGC has two notes receivable from local companies summarized as follows:

Loan	Amount Financed	2019	2018
		Balance due	
3% note, receivable in 60 monthly installments of \$2,602 including principal and interest plus one balloon payment at the end of the loan term. Payments commencing February 2019; final payment is due April 2022.	\$269,500	\$248,019	\$269,500
2% note, receivable in 100 monthly installments of \$2,829, including principal and interest. Payments commencing July 2019; final payment is due September 2019.	260,345	245,916	-
Notes receivable, total		493,935	269,500
Less: current portion		(53,409)	(21,481)
Notes receivable, long-term		\$440,526	\$248,019