

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

FINANCIAL REPORT

**For the Years Ended
December 31, 2020 and 2019**



CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Chemung County Capital Resource Corporation
Elmira, New York

Report on Financial Statements

We have audited the accompanying financial statements of Chemung County Capital Resource Corporation (the Corporation), a nonprofit corporation, a component unit of the County of Chemung, New York, which comprise the Statement of Financial Position as of December 31, 2020 and 2019, 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.

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.

INSERO & Co. CPAs, LLP

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chemung County Capital Resource 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 26, 2021 on our consideration of the Chemung County Capital Resource 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 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 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 the Corporation's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 26, 2021

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	<u>\$ 151,969</u>	<u>\$ 158,551</u>
Total Current Assets	<u>151,969</u>	<u>158,551</u>
Total Assets	<u><u>\$ 151,969</u></u>	<u><u>\$ 158,551</u></u>
LIABILITIES AND NET ASSETS		
Net Assets		
Without Donor Restrictions	<u>\$ 151,969</u>	<u>\$ 158,551</u>
Total Net Assets	<u>151,969</u>	<u>158,551</u>
Total Liabilities and Net Assets	<u><u>\$ 151,969</u></u>	<u><u>\$ 158,551</u></u>

See Notes to Financial Statements

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
Changes in Net Assets		
Operating Revenues		
Agency Fee Income	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>
Operating Expenses		
Program Services	6,266	6,262
Management and General	316	316
Total Operating Expenses	<u>6,582</u>	<u>6,578</u>
Changes in Net Assets	(6,582)	(6,578)
Net Assets, January 1,	<u>158,551</u>	<u>165,129</u>
Net Assets, December 31,	<u><u>\$ 151,969</u></u>	<u><u>\$ 158,551</u></u>

See Notes to Financial Statements

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,**

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Project Costs	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Professional Fees	1,266	316	1,582	1,262	316	1,578
Total Expenses	\$ 6,266	\$ 316	\$ 6,582	\$ 6,262	\$ 316	\$ 6,578

See Notes to Financial Statements

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Cash Received from Providing Services	\$ -	\$ -
Cash Payments - Project Costs	(5,000)	(5,000)
Cash Payments - Professional Fees	<u>(1,582)</u>	<u>(1,578)</u>
Net Cash Provided (Used) by Operating Activities	<u>(6,582)</u>	<u>(6,578)</u>
Cash Flows From Investing Activities	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(6,582)	(6,578)
Cash and Cash Equivalents, January 1,	<u>158,551</u>	<u>165,129</u>
Cash and Cash Equivalents, December 31,	<u><u>\$ 151,969</u></u>	<u><u>\$ 158,551</u></u>

See Notes to Financial Statements

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

***Note 1* Summary of Significant Accounting Policies**

Nature of Activities

Chemung County Capital Resource Corporation (the Corporation) is a local development corporation of the State of New York as defined in §1411 and §201 of the Not-for-Profit Corporation Law. The Corporation was established in 2012. The Corporation's operating certificate was granted by the New York State Department of State on March 9, 2012. The Board consists of nine members, all appointed by the Chemung County Board of Supervisors. They serve at the pleasure of the Board.

The Corporation's mission is to create and retain employment opportunities for the residents of Chemung County and generate tax revenue to support government services. This mission is accomplished through the issuance of tax exempt and taxable civic facility revenue bonds for certain economic development projects. Through the fulfillment of the Corporation's mission, the Corporation expects to deliver employment, health and general prosperity, economic welfare, and needed services for the residents of Chemung County.

Accounting Method

The financial statements of the Corporation have been prepared on the accrual basis.

Financial Reporting Entity

The Corporation was established in 2012 and is governed by its Articles of Incorporation, bylaws, and general laws of New York State. The corporation is a blended component unit of Chemung County's basic financial statements because the County is the sole corporate member of the Corporation. The Corporation's Board of Directors is comprised of individuals appointed by county management.

Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Corporation to report information regarding its financial position and activities according to the following net asset classification.

- **Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Corporation's management and the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Continued

- **Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

At December 31, 2020 and 2019, the Corporation did not have any net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Related Party

The Corporation is related through common management and Board of Directors membership with the Chemung County Industrial Development Agency (IDA), which also promotes economic development in the County. The IDA provides the use of facilities to the Corporation. The cost of this service is covered by the IDA and is not reflected in the accompanying financial statements, until a project closes. At that time, any fee income earned is assigned directly to the IDA to cover this service.

Income Taxes

The Corporation is a not-for-profit corporation incorporated under §1411 and §201 of the Not-for-Profit Corporation Law but is treated for tax reporting purposes as an entity exempt from tax under §115 of the Internal Revenue Code as an instrumentality of government. Accordingly, the Corporation is not required to file tax returns.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Evaluation of Subsequent Events

The Corporation has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 26, 2021, the date which the financial statements were available to be issued.

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 2 Natural and Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis which is consistently applied. The expenses allocated include project costs and professional fees, both of which are allocated on the basis of estimates of time and effort or other reasonable bases.

Note 3 Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Corporation maintains cash balances and certificates of deposit at one financial institution. From time to time, the Corporation may have bank deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. The FDIC insures total accounts at each institution for up to \$250,000 for each account ownership category. Cash balances amounted to approximately \$151,969 and \$158,551 at December 31, 2020 and 2019, respectively. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant risk related to cash and certificates of deposit.

Note 4 Conduit Debt

The Corporation has entered into multiple conduit financing arrangements. The primary function of the Corporation was to arrange financing through the issuance of Industrial Development Revenue Bonds (IDRBs) between private organizations and bond holders for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable only by the payments received on the underlying mortgage loans on the property. The Corporation is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2020 and 2019, the number of outstanding IDRBS totaled 5 and 5, respectively, with an aggregate principal amount payable of \$29,524,121 and \$30,569,093, respectively.

Note 5 Liquidity and Availability of Resources

The Corporation's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

Years Ended December 31,	2020	2019
Cash and Equivalents	<u>\$ 151,969</u>	<u>\$ 158,551</u>
Total Financial Assets	<u>151,969</u>	<u>158,551</u>
Total Financial Assets Available To Management Within One Year	<u><u>\$ 151,969</u></u>	<u><u>\$ 158,551</u></u>

The Corporation manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due.

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

***Note 6* Economic Uncertainty**

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the area in which the Corporation exists. While it is unknown how long these conditions will last and what the complete financial effect will be, the Corporation expects disruptions to businesses and residents, which could negatively impact operating results in future periods.

**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
Chemung County Capital Resource Corporation
Elmira, 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 Chemung County Capital Resource Corporation (the Corporation), which comprise the Statement of Financial Position as of December 31, 2020, and the related Statements of Activities, Functional Expenses, 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, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the 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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 the 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 26, 2021