

GREENE COUNTY ECONOMIC
DEVELOPMENT CORPORATION

Financial Statements

December 31, 2020

(With Independent Auditors' Report Thereon)

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Greene County Economic Development Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Greene County Economic Development Corporation (the Corporation) (a nonprofit organization), 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 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 Corporation'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 Corporation'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 Greene County Economic Development Corporation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Corporation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects with the audited financial statements from which it has been derived.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 17, 2021

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION
 Statement of Financial Position
 December 31, 2020
 with comparative totals for 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash - unrestricted	\$ 45,930	50,000
Cash - restricted	17,132	-
Loans receivable - current installments	26,099	-
Total current assets	89,161	50,000
Loans receivable, less current installments	133,518	-
Total assets	\$ 222,679	50,000
<u>Liabilities and Net Assets</u>		
Current liability - accounts payable	3,993	-
Net assets:		
Without donor restrictions	41,937	50,000
With donor restrictions	176,749	-
Total net assets	218,686	50,000
Total liabilities and net assets	\$ 222,679	50,000

See accompanying notes to financial statements.

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION

Statement of Activities

Year ended December 31, 2020
with comparative totals for 2019

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
Revenue - operating grants	\$ -	173,669	173,669	50,000
Expenses:				
Program expenses:				
Legal and professional services	7,404	-	7,404	-
Advertising and marketing	77	-	77	-
Office supplies	582	-	582	-
Total expenses	8,063	-	8,063	-
Change in net assets from operations	(8,063)	173,669	165,606	50,000
Nonoperating revenue - interest income	-	3,080	3,080	-
Change in net assets	(8,063)	176,749	168,686	50,000
Net assets at beginning of year	50,000	-	50,000	-
Net assets at end of year	\$ 41,937	176,749	218,686	50,000

See accompanying notes to financial statements.

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION

Statement of Cash Flows

Year ended December 31, 2020
with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 168,686	50,000
Adjustments to reconcile change in net assets to net cash provided by operating activities - changes in:		
Loans issued	(173,669)	-
Loan payments received	14,052	-
Accounts payable	<u>3,993</u>	<u>-</u>
Net cash provided by operating activities	13,062	50,000
Cash at beginning of year	<u>50,000</u>	<u>-</u>
Cash at end of year	<u><u>\$ 63,062</u></u>	<u><u>50,000</u></u>
 Supplemental schedule of cash flow information - classification of cash:		
Cash - unrestricted	\$ 45,930	50,000
Cash - restricted	<u>17,132</u>	<u>-</u>
	<u><u>\$ 63,062</u></u>	<u><u>50,000</u></u>

See accompanying notes to financial statements.

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2020

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Greene County Economic Development Corporation (the Corporation) was incorporated in December 2018. The Corporation was organized and operates as a not-for-profit corporation under the provisions of Section 1411 of New York's Not-For-Profit Corporation Law.

The Corporation establishes programs to encourage the creation of employment opportunities primarily for low-income residents of Greene County and to provide entrepreneurial training to low-income residents of Greene County thereby encouraging the creation of businesses by low-income residents of Greene County.

The Corporation encourages the restoration, rehabilitation, and sustainable use of vacant and underused properties within Greene County and other remedial actions to eliminate physical, economic, and social deterioration within the County, and to provide education and training to members of the public to encourage the rehabilitation and preservation of properties with the County.

The Corporation acquires by purchase, grant, gift or otherwise, real property within Greene County (including property which is contaminated), to improve, maintain and manage such property (or contract for the improvement, maintenance and improvement of such property), to enter into contracts to sell, lease or otherwise dispose of such property, to mortgage such property and otherwise take steps to facilitate the redevelopment, preservation, use of reuse of vacant, underused or deteriorated properties within Greene County and to disseminate information and furnish advice, technical assistance and liaison with federal, state and local authorities with respect thereto.

The Corporation applies for and makes grants and loans, and executes any documents necessary in connection therewith, and borrows money and makes, draws, accepts, endorses, executes and issues negotiable bonds, debentures, notes and other obligations therefore.

The Corporation enters into agreements and covenants and to comply with all the terms, conditions and provisions thereof, and otherwise to carry out its corporate purposes and to foster and encourage the location or expansion of facilities and related businesses within Greene County.

The Corporation undertakes such other activities as deemed advisable by the Corporation to advance its corporate purposes, but not for the pecuniary profit or financial gain of any member, director, officer or any private person.

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation

The Corporation reports information regarding its financial position and activities according to two classes of net assets: 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 Corporation'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 Corporation.

(c) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash and Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash accounts in financial institutions. Although the accounts do not exceed the federally insured deposit amount.

(f) Loans Receivable and Allowance for Doubtful Loans

Loans receivable are stated at their principal amount outstanding, less an allowance for doubtful loans. Interest income on loans are accrued as earned. The allowance for doubtful loans is established through charges against current operations and is maintained at a level which management considers adequate to provide for potential loan losses based on their evaluation of past loan experience, current economic conditions and known risks in the loan portfolio. Interest is not accrued on loans receivable when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful. In such cases, interest is recognized on a cash basis when collection occurs.

(g) Contributions Revenue

Revenue from restricted grants is recognized when the expenses are incurred under the terms of the grant. Amounts unspent are recorded in the statements of financial position as net assets with donor restrictions. Revenue from operating grants is generally recognized when a release from restriction occurs. These grants are subject to review and audit by various funding sources. Adjustments, if any, are recognized in the year they are known.

(h) Allocation of Costs

The Corporation charges costs using the direct identification method where possible. However, certain costs have been allocated using various methods.

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Fair Value Measurements

A framework has been established for measuring fair value of loans receivable. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the financial statements. The Corporation has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Corporation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Corporation has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Corporation are subject to examination by taxing authorities.

(k) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

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.

(2) Liquidity

The Corporation had financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$45,930 of cash. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2020 statement of financial position.

(3) Loans Receivable

The Corporation administers a revolving loan fund offering low interest loans to area businesses. The governing board approves loans after giving consideration to the major criteria, i.e., enhancement of the economic environment. A summary of the loans receivable at December 31, 2020 is as follows:

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements, Continued

(3) Loans Receivable, Continued

<u>Borrower</u>	<u>Interest rate</u>	<u>Balance</u>
Nordic House Owner LLC	3.625%	\$ 98,739
Subversive, LLC	3.625%	26,899
South Equine Facility	0.0%	8,500
Gallagher's Catching Rays	0.0%	5,479
Black Bear Lodge, LLC	0.0%	10,000
The Kaaterskill Network, Inc.	0.0%	<u>10,000</u>
Total loans receivable		159,617
Less current installments		<u>(26,099)</u>
Loans receivable less current installment		\$ <u>133,518</u>

The table that follows presents a summary of changes in the fair value of the Corporation's level 3 assets (loans receivable) for the year ended December 31, 2020.

Balance at beginning of year	\$ -
Add loans issued	173,669
Less amounts repaid	<u>(14,052)</u>
Balance at end of year	\$ <u>159,617</u>

All loans are current on these payments

The aggregate maturity of the loans receivable for the five years following December 31, 2020 and thereafter is as follows:

2021	\$ 26,099
2022	27,066
2023	13,311
2024	11,642
2025	10,522
Thereafter	<u>70,977</u>
	\$ <u>159,617</u>

(4) Net Assets With Donor Restrictions

Net assets with donor restrictions consists of loans receivable and cash amounted to \$176,749 at December 31, 2020.

GREENE COUNTY ECONOMIC DEVELOPMENT CORPORATION
Notes to Financial Statements, Continued

(5) Commitments and Contingencies

The Corporation is subject to audits and reviews of reimbursable costs by its various governmental agencies and other funding sources. The outcome of these audits and reviews may have the effect of retroactively increasing or decreasing revenue. In the event that a subsequent audit or review determines that an adjustment is required, the amount will be recognized in the period in which it becomes fixed and determinable. Management does not expect that such adjustments, if any, will be significant.

The Corporation may take ownership of properties in distress and, as a result, the potential exists for the commitment of substantial additional costs to be incurred in order to sell the related properties.