

**CHEMUNG COUNTY CAPITAL RESOURCE
CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Chemung County Capital Resource Corporation (a not-for-profit local development corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 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 the Chemung County Capital Resource Corporation as of December 31, 2015 and 2014, 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 30, 2016, 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 Chemung County Capital Resource Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
(Formerly EFP Rotenberg, LLP)
Rochester, New York
March 30, 2016

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION
Statements of Financial Position
December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|-------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ <u>131,646</u> | \$ <u>209,429</u> |
| Total Assets | \$ <u>131,646</u> | \$ <u>209,429</u> |
| NET ASSETS | | |
| Net Assets | | |
| Unrestricted net assets | \$ <u>131,646</u> | \$ <u>209,429</u> |
| Total Net Assets | \$ <u>131,646</u> | \$ <u>209,429</u> |

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION
Statements of Activities
For the Years Ended December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|-------------------------------|-------------------|-------------------|
| Revenue | | |
| Agency fee income | \$ <u>188,925</u> | \$ <u>-</u> |
| Expenses | | |
| Project costs | 265,660 | - |
| Professional fees | <u>1,048</u> | <u>1,021</u> |
| Total expenses | <u>266,708</u> | <u>1,021</u> |
| Change in Net Assets | (77,783) | (1,021) |
| Net Assets - Beginning | <u>209,429</u> | <u>210,450</u> |
| Net Assets - Ending | <u>\$ 131,646</u> | <u>\$ 209,429</u> |

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|--------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ <u>(77,783)</u> | \$ <u>(1,021)</u> |
| Net Change in Cash | (77,783) | (1,021) |
| Cash - Beginning | <u>209,429</u> | <u>210,450</u> |
| Cash - Ending | <u>\$ 131,646</u> | <u>\$ 209,429</u> |

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Organization

Nature of Organization - The Chemung County Capital Resource Corporation (the "Corporation") is a local development corporation of the State of New York authorized under Section 201 of the Not-for-Profit Corporation Law. The Corporation was created 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 revenues 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.

Basis of Accounting - The Corporation prepares its financial statements on the accrual basis of accounting.

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 the reported amounts of assets and liabilities and disclosures 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 - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classes are established in accordance with their nature and purpose, in observation of any third party limitations or restrictions placed on the use of these resources. Any donor-restricted contribution whose restrictions are met in the same reporting period or any gifts of long-lived assets are reported as unrestricted support. The Corporation did not have any temporarily restricted net assets or permanently restricted net assets for the periods ended December 31, 2015 and 2014.

Unrestricted Net Assets - Unrestricted net assets represent net assets that are not subject to donor imposed stipulations and are generally available for support of the Corporation'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.

Cash and Cash Equivalents - For the purposes of the statements of net position and statements of cash flows, cash and cash equivalents include deposits with original maturities of three months or less. The Agency maintains cash and cash equivalents which periodically may exceed federally insured limits.

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 and is exempt from income tax under the New York State Article 14 as a local development corporation. Accordingly, no provision for taxes has been made.

CHEMUNG COUNTY CAPITAL RESOURCE CORPORATION
Notes to Financial Statements

In accordance with ASC 740-10-50, *Accounting for Uncertainty in Income Taxes*, the Organization 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. Therefore, no liability for unrecognized tax benefits has been included on the Corporation's financial statements.

Subsequent Events - Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

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 Treasurer of the Corporation will determine the amount and length of time all funds are to be invested. The Corporation will maintain relationships with the banks or trust companies doing business with the Corporation and secure the best possible return. The Corporation will prepare any reports requested by the Board to aid in monitoring the Corporation's investment policy and performance.

The amounts on deposit in banking institutions and the related collateral as of December 31, 2015, are as follows:

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|-----------------------------|-----------------------------------|----------------------------|
| Demand and savings deposits | \$ <u>131,646</u> | \$ <u>131,646</u> |
| Covered by FDIC insurance | | \$ 131,646 |
| Pledged collateral | | <u>-</u> |
| Total deposits | | <u>\$ 131,646</u> |

**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 the Chemung County Capital Resource Corporation (a not-for-profit local development corporation), which comprise the statement of financial position as of December 31, 2015, 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 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chemung County Capital Resource 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 Chemung County Capital Resource Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Chemung County Capital Resource 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chemung County Capital Resource Corporation's financial statements are free of 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 result 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.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
(Formerly EFP Rotenberg, LLP)
Rochester, New York
March 30, 2016