

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(a component unit of the County of Columbia, New York)

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2020
(with memorandum totals for the year ended December 31, 2019)

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Management Discussion and Analysis	3
Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses, and Change in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	11
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of
Columbia Economic Development Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Columbia Economic Development Corporation (a not-for-profit component unit of the County of Columbia, New York) (the "Corporation"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Columbia Economic Development Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Columbia Economic Development Corporation's 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 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 respective financial position of the Columbia Economic Development Corporation as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof

for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021 on our consideration of Columbia Economic Development 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 Columbia Economic Development Corporation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Columbia Economic Development Corporation's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 31, 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.

UHY LLP

Hudson, New York
March 30, 2021

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2020

1. Introduction:

Within this section of the Columbia Economic Development Corporation's (the "Corporation") financial statements, the Corporation's management provides narrative discussion and analysis of the financial activities of the not-for profit Corporation for the year ended December 31, 2020. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements for the year ended December 31, 2020.

2. Overview of the Financial Statements:

The Corporation's basic financial statements include: (1) financial statements, and (2) notes to the financial statements.

Financial Statements:

The Corporation's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Corporation is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Corporation's significant accounting policies.

The *Statement of Net Position* presents information on the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Corporation's financial position.

The *Statement of Revenues, Expenses and Change in Net Position* presents information showing how the Corporation's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Corporation's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the statement of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

Notes to Financial Statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the basic financial statements.

3. Financial Highlights:

During the year ended December 31, 2020, the Corporation was able to assist Columbia County businesses through its loan programs as well as certain fiscal agent and fiscal sponsorship arrangements (see note 14). The fiscal agent and fiscal sponsorships were created in an effort to help businesses during the COVID 19 pandemic.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2020

3. Financial Highlights (Continued):

Net position decreased \$277,316 during the year ended December 31, 2020. Operating revenues increased \$190,711 or 63%, primarily due to an increase in grant revenue of \$228,145 offset by decreases in other revenues. Non-operating activity in 2020 (excluding appropriations) resulted in a gain of \$10,671 as a result of interest income exceeding interest expenses. Operating expenses increased \$383,097 or 49%, primarily due to an increase in grant expense of \$239,770, an increase in consulting of \$46,598, an increase in bad debt expense of \$84,176 and an increase in marketing of \$42,849.

Total assets increased by \$66,795 or 1.89% and total liabilities increased \$346,418 or 65.73% for the year ended December 31, 2020. Cash and cash equivalents was \$1,528,459 at December 31, 2020, an increase of \$93,895 from December 31, 2019. Total loans increased by \$20,122 to \$1,530,202 presented net of an allowance for loan loss of \$231,826 at December 31, 2020.

4. Financial Statement Analysis:

Below is a comparative summary of the Corporation's Statements of Net Position as of December 31:

	<u>2020</u>	<u>2019</u>
Assets		
Capital assets	\$ 14,340	\$ 13,532
Current assets	1,965,043	1,955,259
Long-term assets	1,620,577	1,564,374
Total assets	<u>\$ 3,599,960</u>	<u>\$ 3,533,165</u>
Current liabilities	\$ 265,342	\$ 151,848
Long-term liabilities	608,127	375,203
Deferred inflow of resources	9,404	11,711
Net position		
Unrestricted	2,274,505	2,626,467
Capital	14,340	13,532
Restricted	428,242	354,404
Total liabilities, deferred inflows, and net position	<u>\$ 3,599,960</u>	<u>\$ 3,533,165</u>

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2020

4. Financial Statement Analysis (Continued):

Below is a comparative summary of the Corporation's statements of Revenues, Expenses and Changes in Net Position for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Operating revenues		
Charges for services	\$ 34,000	\$ 34,000
Interest from loans	57,751	68,578
Grant revenues	363,323	135,178
Membership fees	36,618	55,148
Land sale	-	1,282
Other operating revenues	-	6,795
Total operating revenues	<u>491,692</u>	<u>300,981</u>
Non-operating revenues		
Columbia County appropriation	391,000	460,000
Interest earnings	10,854	27,495
Total non-operating revenues	<u>401,854</u>	<u>487,495</u>
Total revenues	<u>893,546</u>	<u>788,476</u>
Operating expenditures		
Personnel and benefits	356,122	347,214
Professional fees	38,535	29,266
Grants	244,770	5,000
Office expense	89,436	96,978
Consulting	203,788	157,190
Marketing	23,571	28,211
New initiatives	58,814	20,852
Bad debt	104,176	20,000
Other operating expenditures	51,467	82,871
Total operating expenditures	<u>1,170,679</u>	<u>787,582</u>
Nonoperating expenditures		
Interest	183	299
Total nonoperating expenditures	<u>183</u>	<u>299</u>
Total expenditures	<u>1,170,862</u>	<u>787,881</u>
Total revenues in excess of expenditures	(277,316)	595
Net position at the beginning of the year	2,994,403	2,993,808
Net position at the end of the year	<u>\$ 2,717,087</u>	<u>\$ 2,994,403</u>

The 2020 original budget included revenue of \$810,000 and expenses of \$860,000 with a projected loss of \$50,000. During the year ended December 31, 2020, the Corporation amended the budget after Columbia County reduced the Corporation's contract fee by \$69,000 and in anticipation of other revenue reductions resulting from COVID 19 impacts to include revenue of \$723,000 and expenses of \$807,900 with a projected loss of \$84,900.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2020

4. Financial Statement Analysis (Continued):

Total revenues were \$170,546 more (24%) than the amended budget and total expenditures were \$362,962 more (45%) than the amended budget. Total revenues exceeded the amended budget primarily due to an increase in grant revenue of \$250,323 and offset by the delay of recognizing the Paycheck Protection Program (PPP) loan of \$68,700 as grant income until 2021 when forgiveness by the SBA was received. Total expenses exceeded the amended budget primarily due to a corresponding increase in grant expense of \$244,770 and an increase in the allowance for loan losses of \$100,000, increasing bad debt expense.

5. Additional Information:

This report is prepared for the use of the Corporation's audit committee, management, federal awarding agencies and pass through entities, and members of the public interested in the affairs of the Corporation. Questions with regard to this financial report or requests for additional information may be addressed to the President/CEO, Columbia Economic Development Corporation, 1 Hudson City Centre, Suite 301, Hudson, NY 12534.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
STATEMENT OF NET POSITION
December 31, 2020
(with memorandum only totals at December 31, 2019)

	2020	2019 (memorandum only)
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,528,459	\$ 1,434,564
Certificate of deposit	153,439	151,029
Restricted cash - fiscal agency	25,344	-
Prepaid expenses	2,888	6,323
Accounts receivable	1,667	1,667
Account receivable - IDA	6,000	-
Grant receivable	-	62,750
Land sale receivable, current portion	9,491	9,491
SBA technical assistance grant receivable	19,282	62,740
Loans receivable, current portion	218,473	226,695
Total current assets	<u>1,965,043</u>	<u>1,955,259</u>
FURNITURE AND EQUIPMENT, NET		
Furniture and equipment, net of \$26,027 of accumulated depreciation	14,340	13,532
Total furniture and equipment, net	<u>14,340</u>	<u>13,532</u>
OTHER ASSETS		
Restricted cash	295,730	267,871
Security deposit	3,200	3,200
Land sale receivable, long term portion	9,918	9,918
Loans receivable, less current portion, net of allowance of \$231,826	1,311,729	1,283,385
Total other assets	<u>1,620,577</u>	<u>1,564,374</u>
Total assets	<u>3,599,960</u>	<u>3,533,165</u>
CURRENT LIABILITIES		
Accounts payable	29,715	21,465
Accrued expenses	15,581	11,332
Due to fiscal agency	25,344	-
Loans payable - PPP and EIDL, current portion	50,389	-
Loans payable - SBA microloan program, current portion	135,572	110,310
Unearned revenue, current portion	8,741	8,741
Total current liabilities	<u>265,342</u>	<u>151,848</u>
NON-CURRENT LIABILITIES		
Loans payable-PPP and EIDL, long-term portion	118,311	-
Loans payable-SBA microloan program, long-term portion	461,505	346,892
Unearned revenue, long-term portion	18,311	18,311
Debt reserve deposit	10,000	10,000
Total non-current liabilities	<u>608,127</u>	<u>375,203</u>
Total liabilities	<u>873,469</u>	<u>527,051</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred grant income	5,237	-
Deferred membership income	4,167	11,711
Total deferred inflows of resources	<u>9,404</u>	<u>11,711</u>
NET POSITION		
Unrestricted	2,274,505	2,626,467
Invested in capital assets	14,340	13,532
Restricted		
Commerce Park water tower	71,817	71,817
County directed	48,889	48,889
Columbia County Student Connects Program	8,000	-
Columbia County Business Continuity Fund Program	414	-
SBA microloan program	299,122	233,698
Total net position	<u>\$ 2,717,087</u>	<u>\$ 2,994,403</u>

See notes to financial statements.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the year ended December 31, 2020
(with memorandum only totals for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u> <u>(memorandum only)</u>
OPERATING REVENUE		
Administrative fees - related party	\$ 24,000	\$ 24,000
Administrative fees - Hudson IDA	10,000	10,000
Grant revenue	363,323	135,178
Interest on loans	57,751	68,578
Membership fees	36,618	55,148
Land sale	-	1,282
Other income	-	6,795
Total operating revenue	<u>491,692</u>	<u>300,981</u>
OPERATING EXPENSES		
Personnel and benefits	356,122	347,214
Grant expense	244,770	5,000
Office expense	89,436	96,978
Program delivery fees	27,287	46,125
Professional fees	38,535	29,266
Consulting	203,788	157,190
Meetings and events	3,020	10,088
Insurance	3,001	3,192
Marketing	23,571	28,211
New initiatives	58,814	20,852
Depreciation	5,427	3,650
Moving expenses	-	15,769
Bad debt	104,176	20,000
Miscellaneous	12,732	4,047
Total operating expenses	<u>1,170,679</u>	<u>787,582</u>
OPERATING LOSS	<u>(678,987)</u>	<u>(486,601)</u>
NON-OPERATING REVENUE (EXPENSES)		
Bank interest	10,854	27,495
Interest expense and fees	(183)	(299)
Total Non-Operating Revenue (Expenses)	<u>10,671</u>	<u>27,196</u>
Appropriation from the County of Columbia, NY	<u>391,000</u>	<u>460,000</u>
CHANGE IN NET POSITION	<u>(277,316)</u>	<u>595</u>
NET POSITION, Beginning of year	<u>2,994,403</u>	<u>2,993,808</u>
NET POSITION, End of year	<u>\$ 2,717,087</u>	<u>\$ 2,994,403</u>

See notes to financial statements.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2020
(with memorandum only totals for the year ended December 31, 2019)

	2020	2019 (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Administrative fees - related party	\$ 18,000	\$ 24,000
Administrative fees - Hudson IDA	10,000	10,000
Principal disbursed on loans receivable	(671,820)	(697,000)
Principal received on loans receivable	550,589	318,252
Membership contributions	29,074	52,300
Grant revenue	474,768	96,156
Land sale	-	10,365
Interest on loans	57,751	68,578
Payments to employees	(356,122)	(347,114)
Payments to vendors	(666,743)	(408,275)
Other income	-	13,495
Net cash used for operating activities	<u>(554,503)</u>	<u>(859,243)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriation from the County of Columbia, NY	391,000	460,000
Proceeds from loans payable - PPP and EIDL	168,700	-
Payments on SBA microloan program	(110,125)	(106,679)
Proceeds from SBA microloan program	250,000	-
Net cash provided by noncapital financing activities	<u>699,575</u>	<u>353,321</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	(2,410)	(151,029)
Purchase of equipment	(6,235)	(10,400)
Interest paid	(183)	(299)
Interest received	10,854	27,495
Net cash provided by (used for) investing activities	<u>2,026</u>	<u>(134,233)</u>

See notes to financial statements,

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended December 31, 2020
(with memorandum only totals for the year ended December 31, 2019)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 147,098	\$ (640,155)
CASH AND CASH EQUIVALENTS, Beginning of year	1,702,435	2,342,590
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,849,533</u>	<u>\$ 1,702,435</u>
 RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 1,528,459	\$ 1,434,564
Restricted cash - fiscal agency	25,344	-
Restricted cash	295,730	267,871
	<u>\$ 1,849,533</u>	<u>\$ 1,702,435</u>
 Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (678,987)	\$ (486,601)
Bad debt reserve (recovery)	104,176	20,000
Depreciation expense	5,427	3,650
 Changes in assets, liabilities, and deferred inflows:		
Prepays	3,435	(1,554)
Loans receivable	(124,298)	(378,748)
Land sale receivable	-	9,083
SBA technical assistance grant receivable	43,458	(11,242)
Grant receivable	62,750	(12,750)
Accounts receivable	-	100
Account receivable - IDA	(6,000)	-
Security deposit	-	(3,200)
Accounts payable	8,250	9,369
Due to fiscal agency	25,344	-
Unearned revenue	-	(10,295)
Debt reserve deposit	-	10,000
Land deposit	-	(3,300)
Accrued expenses	4,249	3,828
Deferred grant income	5,237	(4,735)
Deferred membership income	(7,544)	(2,848)
	<u>\$ (554,503)</u>	<u>\$ (859,243)</u>
Net cash used for operating activities	<u>\$ (554,503)</u>	<u>\$ (859,243)</u>

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – NATURE OF ORGANIZATION

Financial Reporting Entity

The Columbia Economic Development Corporation ("CEDC" or the "Corporation") was organized as a not-for-profit entity for the purpose of promoting and developing industry and job development in Columbia County, New York (the "County"). The Corporation is a component unit of the County, is a separate entity, and operates independently of the County.

Programs of the Corporation

General Operating

The Corporation derives its revenues primarily from Columbia County appropriations and from administrative fees from related parties such as Columbia County Capital Resource Corporation ("CRC") and Columbia County Industrial Development Agency ("CCIDA"). The fund also derives revenue from interest from loan receivables.

Loan Program

The loan program offers loans to local businesses, often at a discounted interest rate, to attract business to the County as well as expand business growth from existing businesses already located in the County. The fund also is used to continue offering the Microbusiness seminar series and is used to fund expenses as it applies to the administration and delivery of programs.

The loan program receives grant money from time to time from CDBG-NYS. As a requirement of the grant, the loan program awards a contingent grant (usually based on employment goals) to local organizations after meeting certain NYS grant requirements. If requirements of the grant are not met by the local organization, the grant converts to a loan. The Corporation treats these arrangements as loans until the contingencies are met. As of December 31, 2020, the Corporation's loans receivables include \$200,000 of these loan types, expected to be forgiven in 2022, comprised of:

	Original Loan Balance	Loan Balance at December 31, 2020
Flanders/Precisionaire Corporation	<u>\$ 200,000</u>	<u>\$ 200,000</u>

CDBG Small Cities

Grant funds received with performance requirements are recorded as unearned revenue in the period granted. The Corporation records a receivable for the amount of the loan lent out or grant made to the third party business. As obligations are met, the loan is paid off or written down and the loan balance is earned or forfeited. Unearned revenue is recognized in income as performance obligations are met and contingent grants made are recognized in expense as earned by the grantee.

267ED424-02 Grant

The 267ED424-02 grant offered assistance to local businesses by offering low interest business loans. The Corporation receives interest and principal payments on a monthly basis. At December 31, 2020, the loan balance outstanding was \$27,052.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Programs of the Corporation (Continued)

Microbusiness Program

The microbusiness program is funded by the loan program. The program offers technical assistance to local businesses. The program also offers seminars taught by local business owners and professionals.

SBA-Microloan Program

Loans are provided to small businesses in Columbia and Greene Counties funded by the Small Business Administration (SBA). Loans over 120 days past due are required to be charged off. The loan maturity date should not exceed six years on Microloans. The Corporation may charge up to 7.75% over the Corporation's cost of funds on a microloan of more than \$10,000 and up to 8.5% over the Intermediary's cost of funds on a microloan of \$10,000 or less. Amounts loaned to the Corporation are maintained in a restricted revolving loan fund. The Corporation is also required to maintain a separate loan loss reserve fund with its own funds representing at least 15% of SBA funds received.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with accounting principles generally accepted in the United States of America, the Corporation applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as the Corporation is a component unit of the County of Columbia, New York (the "County"), a governmental entity. The Corporation does not apply any Financial Accounting Standards Board (FASB) or AICPA pronouncements post November 30, 1989, as clarified by GASB No. 62. In accordance with GASB standards, balances and activity for the Corporation are presented as an enterprise fund.

Deferred Outflows/Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Statement 63 changed how governments organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet).

As a result of Statement 63, financial statements will include deferred outflows of resources and deferred inflows of resources ("deferrals"), in addition to assets and liabilities, and will report net position instead of net assets.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

Membership fees collected in the current year that will be recognized as revenue next year and grant payments received in advance of the grant term are classified as a deferred inflow.

Prior Year Amounts

Amounts shown for December 31, 2019, in the accompanying statements are included to provide a basis for comparison with December 31, 2020 and present summarized totals only. Accordingly, the December 31, 2019 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

Budgetary Data

The budget policies are as follows:

In October of each year, the President/CEO submits a tentative budget to the Board of Directors for their approval for the next fiscal year. The tentative budget includes proposed expenditures and the proposed means of financing, which is to be used as a guide of activity for the fiscal year.

Income Taxes

A provision for income tax has not been provided for in these financial statements, as the Corporation is a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Corporation has evaluated any uncertain tax positions and related income tax contingencies and determined uncertain positions, if any, are not material to the financial statements. Penalties and interest assessed by income taxing authorities are included in operating expenses, if incurred. None of the Corporation's returns are currently under examination.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 amounts.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Corporation's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Corporation has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions in Columbia County, New York.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates (Continued)

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term.

Revenue Recognition

Contribution revenue is recognized in the period it is unconditional, measurable, and future installments are considered probable of collection. Contribution revenue that is restricted as a result of a purpose or time restriction is included as a component of "restricted net position", when applicable.

Administrative revenue is recognized in the period services are provided and payments are generally received from related parties on a quarterly basis. Grant revenue is recognized on cost reimbursable contracts in the period the costs are incurred. Advances on grants prior to costs being incurred in accordance with the terms of the grant agreement are deferred until the period costs are incurred. Membership revenue is recognized as revenue over the period of membership.

Interest on loans is recognized in the period earned over the life of the related loans receivable.

Operating revenues include revenue generated from ongoing operating activities. Non-operating revenues include investing, financing and other non-recurring activities.

Columbia County Appropriation

For the year ended December 31, 2020, Columbia County appropriated \$391,000 for unrestricted use by the Corporation. The Corporation recognizes appropriated income in the period appropriated.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Certificates of Deposit

The Corporation records certificate of deposits at amortized cost.

Property and Equipment

Property and equipment are stated at cost and fair market value for donated items. Maintenance and repairs are expensed as incurred whereas major repairs and betterments are capitalized. Property and equipment comprise office equipment, furniture and software. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets, which are:

Computer/Software	3 – 5 years
Furniture and Equipment	5 – 10 years

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and Allowance for Loan Losses

Loans are stated at their recorded investment, which is the amount of unpaid principal, reduced by an allowance for loan losses. Interest is calculated by using the simple interest method.

The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. The Corporation uses a disciplined process and methodology to establish the allowance for loan losses. To determine the total allowance for loan losses, management estimates the reserves needed for each loan outstanding.

To determine the balance of the allowance account, loans are evaluated on a case by case basis and future losses are projected using historical experience adjusted for current economic and industry conditions. Management exercises significant judgment in determining the estimation method that fits the credit risk characteristics of each case. Management must use judgment in establishing additional input factors for estimating purposes. The assumptions used to determine the allowance are periodically reviewed by management to ensure that their theoretical foundation, assumptions, data integrity, computational processes, and reporting practices are appropriate and properly documented.

The establishment of the allowance for loan losses relies on a consistent process that requires multiple layers of management review and judgment and responds to changes in economic conditions, customer behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to, or release balances from, the allowance for loan losses.

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by senior management of loan portfolios and the assumptions used to estimate incurred losses in those portfolios. Additions to the allowance for loan losses are made by charges to the provision for loan losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan losses. Recoveries of previously charged off amounts are credited to the allowance for loan losses.

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Corporation to concentrations of credit and market risk consist primarily of cash and cash equivalents, certificates of deposit and loans receivable. Cash and cash equivalents and certificates of deposit are maintained at Federal Deposit Insurance Corporation insured financial institutions and credit exposure is limited to any one institution. As of December 31, 2020, the Corporation was in excess of the FDIC limits of approximately \$1,081,000, which is not collateralized.

Concentrations of credit risk with respect to notes receivables are limited due to the diverse industry backgrounds of its borrowers. Furthermore, management feels its borrower approval processes and regular review of provisions for loan losses, adequately provides for any material credit risks. Generally, sufficient collateral or a personal guarantee is obtained for all loans at the time of disbursement. Collateral is generally in the form of a mortgage on real property or a chattel lien on equipment title.

The Corporation received \$391,000 from the County of Columbia representing 44% of its total revenue for the year ended December 31, 2020.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Policy

The Corporation's has an investment policy that includes authorized investments of the following types: 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 the payment of principal and interest are guaranteed by the United States of America, obligations of the State of New York and money market/savings accounts. All deposits of the Corporation in excess of Federal Deposit Insurance Act (FDIC) coverage shall be secured by a pledge of eligible securities with an aggregate market value equal to the aggregate amount of such deposits in excess of FDIC.

Interest Income on Loans

Interest on loans is accrued and credited to income based on the principal amount outstanding. The accrual of interest on loans is discontinued when, in accordance with adopted policies, there is an indication that the borrower may be unable to meet payments as they become due. Upon such discontinuance, all unpaid accrued interest is reversed.

Risks and Uncertainties

In December 2019, a novel strain of coronavirus disease ("COVID-19") was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic.

As part of its efforts to minimize the financial impact of COVID-19, the Corporation applied for and received two loans offered by federal government programs. See Note 6 for further discussion of these loans.

As discussed in Note 6, the Corporation obtained a loan from the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). According to the rules of the SBA, the Corporation is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Corporation's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Corporation may be required to adjust previously reported amounts and disclosures in the financial statements.

The extent of COVID-19's effect on the Corporation's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Corporation's finances. However, if the pandemic continues to endure, the disease could have an adverse material effect on the Corporation's activities, results of operations, financial condition and cash flow.

The Corporation assisted Columbia County businesses during COVID-19 through certain fiscal sponsorship and fiscal agent agreements (see Note 14). The Corporation's existing loan programs were also able to assist small businesses through its lending practices.

In addition, the potential for additional collection risk to the Corporation's loans receivable balance exists, however, the impact is uncertain and difficult to predict at this time.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through March 30CED, 2021, which is the date the financial statements were available to be issued.

As part of its efforts to further minimize the financial impact of the ongoing COVID-19 pandemic, the Corporation applied for and received a second Paycheck Protection Program Loan under the CARES Act for \$64,114 in February 2021. The Corporation expects this loan to be fully forgiven.

NOTE 3 – CERTIFICATE OF DEPOSIT

The Corporation has a certificate of deposit (CD) at Berkshire Bank. The CD is for a 13-month term scheduled to mature in October 2021. The CD's interest rate was 0.449% and had a balance of \$153,439 as of December 31, 2020.

NOTE 4 – LOANS RECEIVABLE

During the year ended December 31, 2020, the Corporation loaned \$671,820 to 27 local businesses. During the year ended December 31, 2020, the Corporation increased its allowance for loan losses by \$100,000 due to concerns related to the impacts of the COVID 19 pandemic.

A summary of loan activity is as follows:

	Balance at December 31, 2019	New Lendings	Payments	(Write-offs) and Recoveries	Balance at December 31, 2020
Loan Fund	\$ 1,203,912	\$ 292,020	\$ 350,281	\$ (11,144)	\$ 1,134,507
CDBG Small Cities	27,052	-	-	-	27,052
SBA Microloan	424,584	379,800	200,308	(3,607)	600,469
	<u>1,655,548</u>	<u>\$ 671,820</u>	<u>\$ 550,589</u>	<u>\$ (14,751)</u>	<u>1,762,028</u>
Less: Allowance for loan losses	(145,468)				(231,826)
Total Loans	<u>\$ 1,510,080</u>				<u>\$ 1,530,202</u>

NOTE 5 – FURNITURE AND EQUIPMENT

A summary of furniture and equipment is as follows as of December 31, 2020:

	December 31, 2019	Acquisitions	Disposals	December 31, 2020
Furniture and equipment	\$ 34,132	\$ 6,235	\$ -	\$ 40,367
Accumulated depreciation	(20,600)	(5,427)	-	(26,027)
Total Furniture and Equipment	<u>\$ 13,532</u>	<u>\$ 808</u>	<u>\$ -</u>	<u>\$ 14,340</u>

Depreciation expense was \$5,427 during the year ended December 31, 2020.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 – LOANS PAYABLE – PPP AND EIDL

In May 2020, the Organization applied for and received a loan in the amount of \$68,700 from Key Bank through the Small Business Association’s (“SBA”) Paycheck Protection Program (the “Program”). This loan has allowed the Organization to retain a full workforce to date. The SBA loan was subject to forgiveness should the Organization demonstrate to the lender the funds were spent on specific payroll, debt interest, rent, and/or utility type expenses during the 8 or 24 weeks subsequent to receipt of the loan proceeds. If not forgiven, the loan would accrue interest at 1.00% per annum and mature on May 1, 2022, with the Organization making monthly payments of \$3,866 including principal and interest beginning December 1, 2020 through maturity. Subsequent to year end, in February 2021, the loan was fully forgiven by the SBA.

In July 2020, the Organization also applied for and received a loan in the amount of \$100,000 from the SBA’s Emergency Injury Disaster Loan (EIDL) Program. Interest accrues on the EIDL loan at a fixed rate of 2.75% per annum. There is a 12-month deferral period of all principal payments due on the EIDL loan, with interest accruing on the principal balance during this 12-month deferral period.

Beginning August 2021, the Organization will begin to make 348 monthly payments of \$428, with the first payments received by the SBA going first towards the accrued interest to date until the accrued interest is paid off in full. Once the accrued interest is paid in full, these monthly payments will then go towards principal and interest.

The EIDL loan matures on July 24, 2050 and is collateralized by all tangible and intangible property of the Organization, including equipment, accounts receivable, and deposit accounts.

Maturities of the loans payable are as follows:

	<u>PPP Loan</u>	<u>EIDL Loan</u>	<u>Total</u>
2021	\$ 49,417	\$ 972	\$ 50,389
2022	19,283	2,378	21,661
2023	-	2,444	2,444
2024	-	2,512	2,512
2025	-	2,582	2,582
Thereafter	-	89,112	89,112
	<u>\$ 68,700</u>	<u>\$ 100,000</u>	<u>\$ 168,700</u>

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 – RESTRICTED NET POSITION

Restricted net position at December 31, 2020, consists of the following:

Commerce Park water tower	\$	71,817
County directed		48,889
Columbia County Student Connects Program		8,000
Columbia County Business Continuity Fund Program		414
SBA microloan program		299,122
Total Restricted Net Position	\$	<u>428,242</u>

In 2008, the Corporation did not remit the principal back to Columbia County, New York for Commerce Park loans. The principal is to be retained by the Organization to aide in the construction of the water tower within Commerce Park. Refer to Note 9 for more information on the restrictions. See note 9 for more information on the County directed restricted net position balance.

The SBA microloan program restricted net position balance above represents the balance of the Corporation’s SBA microloan program that has been borrowed from the SBA but has not been lent to qualified businesses as of December 31, 2020.

The “Columbia County Student Connects Program” balance of \$8,000 and the “Columbia County Business Continuity Fund Program” balance of \$414 represents grant funds received and restricted for specific purposes.

NOTE 8 – SBA MICROLOAN PROGRAM

Since 2003, the Corporation took the steps toward acquiring the Hudson Development Corporation’s SBA loan portfolio by establishing a small business loan program. The Corporation acquired the SBA loan program in 2008. Total loans outstanding, net of an allowance under this program of \$83,920, totaled \$516,549 at December 31, 2020.

The Corporation borrows money from SBA loan awards in order to fund loans given to businesses participating in the SBA program. The following illustrates the amounts payable to the SBA:

Balance at December 31, 2019	Drawdowns	Payments	Balance at December 31, 2020
\$ 457,202	\$ 250,000	\$ 110,125	\$ 597,077

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 8 – SBA MICROLOAN PROGRAM (Continued)

Once draws have been made from the SBA, the Corporation pays the SBA back based on an amortization schedule for each specific drawdown. The following shows the combined expected payout of the SBA drawdowns—Draw Four, Draw Five, Draw Six, and Draw Seven:

<u>December 31,</u>	<u>Balance</u>
2021	\$ 135,572
2022	107,500
2023	89,561
2024	64,445
2025	64,445
Thereafter	<u>135,555</u>
Total	<u>\$ 597,077</u>

Each drawdown has repayments of principal and interest, with each drawdown having a separate interest rate based on the agreement—1.625% (Draw Four), 0.75% (Draw Five), 1.25% (Draw Six), and 1.75% (Draw Seven), per annum.

During the year ended December 31, 2020, the Corporation borrowed \$250,000 from an additional SBA drawdown (Draw Seven). In December 2020, the Corporation was approved for an additional \$300,000 borrowing and in January 2021, the Corporation drew \$125,000 of this additional loan award.

NOTE 9 – COMMERCE PARK LAND

Beginning in 2005, Columbia County initiated a program to sell undeveloped land it owns in Commerce Park through a component unit, the Columbia County IDA. CEDC works directly with the buyer on the County's behalf. CEDC receives a deposit from the buyer and in turn uses this money to pay for surveying and legal fees associated with the transfer of the land.

CEDC recognizes a receivable for the sales price due from the buyer and a liability to the County for the same amount. The CCIDA plays an administrative role in the transfer of the land and receives a stipend from the first payment made. The CEDC retains the interest portion earned on land sale receivables as payment for servicing the loans and the remaining principal portion is forwarded to the County. In 2008 and only for 2008, the CEDC retained the principal and interest payments, as agreed upon with the County, to assist the County with the possible future construction of a water tower in Commerce Park. The principal forgiven during 2008 was recognized as revenue.

In June 2016, the Corporation sold land in the Commerce Park to a local individual for \$50,000, with \$4,500 being paid to the Corporation as a deposit in 2015. The Corporation received a \$45,500 five-year note at 4.5% per annum with payments commencing on June 8, 2017. The note provides for an annual payment of \$10,365 of principal and interest, with a final payment due to the Corporation on June 8, 2021. The principal portion, \$48,889, of the note, net of legal fees of \$1,111, normally remitted to the County was recognized as revenue during the year ended December 31, 2016. The County asked CEDC to retain the principal portion as restricted net position to be used as directed by the County in the future.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 – PENSION PLAN

The Corporation has a SARSEP pension plan. The Corporation pays 5% of eligible employee's gross wages each year. For the year ended December 31, 2020, the Corporation recorded \$11,956 in pension expense.

NOTE 11 – UNEARNED REVENUE

As of December 31, 2020, unearned revenue (note 1) is comprised of:

CDBG Small Cities:	
Angello's Distributing, Inc.	\$ 27,052
Total unearned revenue	<u>\$ 27,052</u>

NOTE 12 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2020, the Corporation received \$24,000 in administrative fees from Columbia County Industrial Development Agency (CCIDA). During 2020, the Corporation paid \$5,000 to Columbia County Capital Resource Corporation (CCCRC) in the form of a grant. As of December 31, 2020, \$6,000 was due from CCIDA.

NOTE 13 – RENT EXPENSE

The Corporation rents office space under the terms of a lease commencing September 1, 2019 and terminating August 31, 2024. The lease includes an option to renew for an additional five-year term. The lease calls for monthly payments ranging from \$3,200 to \$3,532 over the term of the lease. During the year ended December 31, 2020, the Corporation paid \$38,720 of rent expense. Future minimum lease commitments are as follows:

2021	\$ 39,688
2022	40,680
2023	41,696
2024	28,256
	<u>\$ 150,320</u>

NOTE 14 – FISCAL AGENT / SPONSORSHIP ARRANGEMENTS

During the year ended December 31, 2020, the Corporation acted as a fiscal agent for two organizations, the City of Hudson and Galvan Foundation Minority Business Owners Grant Fund and the Hudson Business Coalition Hudson Bond Program. As of December 31, 2020, the Corporation held \$25,344 of cash shown as "Restricted cash – fiscal agency" on the statement of net position. As of December 31, 2020, \$25,344 is presented as a liability shown as "Due to fiscal agency" on the statement of net position. The Corporation earned administrative fees of \$3,440 on one agreement. As an agent, the Corporation does not record any revenues or expenses received/paid on behalf of the entity.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 14 – FISCAL AGENT / SPONSORSHIP ARRANGEMENTS (Continued)

During the year ended December 31, 2020, the Corporation acted as a fiscal sponsor for multiple organizations. Fiscal sponsorship revenue and expenses are recorded on behalf of the entity in these financial statements. Included in grant revenue is \$239,284 related to the Berkshire Taconic Community Foundation – CEDC Business Continuity Grant Fund, Germantown Business Restart Grant Fund, Hudson Shared Streets Program, Columbia County K-12 Broadband Fund and Hudson River Bank and Trust Personal Protective Equipment (PPE) Grant. Grant expense was \$238,870 for the year ended December 31, 2020 related to these agreements. As of December 31, 2020, \$414 is restricted for the Berkshire Taconic Community Foundation - CEDC Business Continuity Grant Fund Program. No administrative fees were received from these agreements.