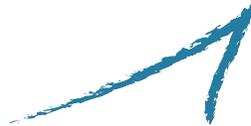


**DEVELOPMENT CHENANGO  
CORPORATION**

**Norwich, New York**

**FINANCIAL REPORT**

**For the Years Ended  
December 31, 2021 and 2020**



**insero&co**

Certified Public Accountants | Business Advisors

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# ***DEVELOPMENT CHENANGO CORPORATION***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Development Chenango Corporation  
Norwich, New York

### **Report on the Audit of the Financial Statements**

We have audited the financial statements of Development Chenango Corporation (the Corporation), a nonprofit corporation, a component unit of the County of Chenango, New York, which comprise the Statements of Financial Position as of December 31, 2021 and 2020, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Development Chenango Corporation as of December 31, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022 on our consideration of the 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 29, 2022

# **DEVELOPMENT CHENANGO CORPORATION**

## **STATEMENTS OF FINANCIAL POSITION DECEMBER 31,**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents - Unrestricted	\$ 126,487	\$ 582,773
Cash and Cash Equivalents - Restricted	-	3,129
	<b>126,487</b>	<b>585,902</b>
Total Cash and Cash Equivalents		
Accounts Receivable	719	6,475
Current Portion of Loans Receivable	200,082	177,314
Prepaid Expenses	1,030	2,302
	<b>328,318</b>	<b>771,993</b>
<b>Total Current Assets</b>		
<b>Non-Current Assets</b>		
Other Assets:		
Investments in Marketable Securities	1,931,337	1,950,450
Loans Receivable, Net	574,534	479,359
Total Other Assets	<b>2,505,871</b>	<b>2,429,809</b>
Fixed Assets:		
Office Equipment	7,079	7,079
Leasehold Improvements	116,072	116,072
Land and Buildings	1,016,005	509,464
Less: Accumulated Depreciation	(130,288)	(110,428)
Total Fixed Assets, Net	<b>1,008,868</b>	<b>522,187</b>
<b>Total Non-Current Assets</b>	<b>3,514,739</b>	<b>2,951,996</b>
<b>Total Assets</b>	<b>\$ 3,843,057</b>	<b>\$ 3,723,989</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 2,224	\$ 1,527
Accrued Liabilities	1,500	4,629
Mortgage Payable, Current Portion	10,699	10,644
<b>Total Current Liabilities</b>	<b>14,423</b>	<b>16,800</b>
<b>Long-Term Liabilities</b>		
Mortgage Payable, Net of Current Portion	<b>151,153</b>	<b>161,800</b>
<b>Total Liabilities</b>	<b>165,576</b>	<b>178,600</b>
<b>Net Assets</b>		
Without Donor Restrictions	<b>3,677,481</b>	<b>3,545,389</b>
<b>Total Net Assets</b>	<b>3,677,481</b>	<b>3,545,389</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,843,057</b>	<b>\$ 3,723,989</b>

*See Notes to Financial Statements*

# ***DEVELOPMENT CHENANGO CORPORATION***

## **STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
<b>Program Revenues, Gains, and Other Support</b>		
Contributions From Local Governments	\$ 184,850	\$ 189,000
Interest and Fees Earned on Loan Portfolio	33,369	33,839
Investment Return	140,888	158,869
Rental Income	55,450	14,000
Other	134	3,321
<b>Total Program, Revenues, Gains, and Other Support</b>	<u>414,691</u>	<u>399,029</u>
<b>Functional Expenses</b>		
Program Services:		
Economic Development	141,124	121,643
Business Grants	9,944	10,385
Loan Portfolio	24,697	27,369
Total Program Services	<u>175,765</u>	<u>159,397</u>
Supporting Services:		
Management and General	106,834	101,768
<b>Total Operating Expenses</b>	<u>282,599</u>	<u>261,165</u>
Changes in Net Assets	132,092	137,864
Net Assets, January 1,	<u>3,545,389</u>	<u>3,407,525</u>
<b>Net Assets, December 31,</b>	<u>\$ 3,677,481</u>	<u>\$ 3,545,389</u>

*See Notes to Financial Statements*

# ***DEVELOPMENT CHENANGO CORPORATION***

## **STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Program Services</b>			<b>Supporting Services</b>		
	<b>Economic Development</b>	<b>Business Grants</b>	<b>Loan Portfolio</b>	<b>Total Programs</b>	<b>Management and General</b>	<b>Total</b>
Management Fees	\$ 53,738	\$ 7,676	\$ 7,676	\$ 69,089	\$ 84,443	\$ 153,532
Special Projects	10,542	-	-	10,542	-	10,542
Program Recipient and Administration	9,888	-	-	9,888	-	9,888
Professional Fees	10,338	1,446	10,684	22,469	6,809	29,278
Advertising	9,320	-	-	9,320	-	9,320
Office Expenses	1,829	262	262	2,353	2,873	5,226
Occupancy Expenses	6,075	-	6,075	12,150	5,211	17,361
Interest Expenses	1,676	-	-	1,676	-	1,676
Rental Property Expenses	18,309	-	-	18,309	-	18,309
Travel and Training	1,010	561	-	1,571	673	2,244
Insurance	2,511	-	-	2,511	1,352	3,863
Bad Debts	-	-	-	-	1,500	1,500
	<u>125,236</u>	<u>9,944</u>	<u>24,697</u>	<u>159,877</u>	<u>102,862</u>	<u>262,739</u>
Depreciation	<u>15,888</u>	<u>-</u>	<u>-</u>	<u>15,888</u>	<u>3,972</u>	<u>19,860</u>
<b>Total Expenses</b>	<b><u>\$ 141,124</u></b>	<b><u>\$ 9,944</u></b>	<b><u>\$ 24,697</u></b>	<b><u>\$ 175,765</u></b>	<b><u>\$ 106,834</u></b>	<b><u>\$ 282,599</u></b>

*See Notes to Financial Statements*

# ***DEVELOPMENT CHENANGO CORPORATION***

## **STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Program Services</b>			<b>Total Programs</b>	<b>Supporting Services</b>	<b>Total</b>
	<b>Economic Development</b>	<b>Business Grants</b>	<b>Loan Portfolio</b>		<b>Management and General</b>	
Management Fees	\$ 51,200	\$ 7,313	\$ 7,313	\$ 65,826	\$ 80,455	\$ 146,281
Special Projects	2,375	-	-	2,375	-	2,375
Program Recipient and Administration	9,638	-	-	9,638	-	9,638
Professional Fees	13,342	1,866	13,789	28,997	8,788	37,785
Advertising	9,992	-	-	9,992	-	9,992
Office Expenses	1,781	255	255	2,290	2,797	5,087
Occupancy Expenses	6,012	-	6,012	12,025	5,157	17,182
Interest Expenses	3,787	-	-	3,787	-	3,787
Rental Property Expenses	8,086	-	-	8,086	-	8,086
Travel and Training	1,713	951	-	2,664	1,142	3,806
Insurance	981	-	-	981	527	1,508
	<u>108,907</u>	<u>10,385</u>	<u>27,369</u>	<u>146,661</u>	<u>98,866</u>	<u>245,527</u>
Depreciation	<u>12,736</u>	<u>-</u>	<u>-</u>	<u>12,736</u>	<u>2,902</u>	<u>15,638</u>
<b>Total Expenses</b>	<b><u>\$ 121,643</u></b>	<b><u>\$ 10,385</u></b>	<b><u>\$ 27,369</u></b>	<b><u>\$ 159,397</u></b>	<b><u>\$ 101,768</u></b>	<b><u>\$ 261,165</u></b>

*See Notes to Financial Statements*

# **DEVELOPMENT CHENANGO CORPORATION**

## **STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 132,092	\$ 137,864
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	19,860	15,638
Net Realized (Gain) on Sale of Investments	(72,670)	(10,720)
Net Unrealized (Gain) on Investment Transactions	(42,099)	(123,469)
(Increase) Decrease in Accounts Receivable	5,756	1,820
(Increase) Decrease in Prepaid Expenses	1,272	(1,005)
(Increase) Decrease Loans Receivable	(117,943)	(124,899)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(2,432)	(7,673)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(76,164)</u>	<u>(112,444)</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of Property and Equipment	(506,541)	-
Proceeds from Sales of Investments	533,281	642,032
Purchases of Investments	(399,399)	(387,712)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(372,659)</u>	<u>254,320</u>
<b>Cash Flows From Financing Activities</b>		
Repayments of Mortgage	(10,592)	(3,372)
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>(10,592)</u>	<u>(3,372)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(459,415)	138,504
Cash, Restricted Cash, and Cash Equivalents, January 1,	<u>585,902</u>	<u>447,398</u>
<b>Cash, Restricted Cash, and Cash Equivalents, December 31,</b>	<u>\$ 126,487</u>	<u>\$ 585,902</u>

*See Notes to Financial Statements*

# ***DEVELOPMENT CHENANGO CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

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

#### **Nature of Activities**

Development Chenango 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 1966.

The Corporation focuses on the retention and creation of jobs in the County through business growth by providing start-up assistance, business planning and technical assistance, access to low-interest financing, assistance navigating government programs, and funding sources.

#### **Accounting Method**

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

#### **Financial Reporting Entity**

The Corporation was established in 1966 and is governed by its Articles of Incorporation, bylaws, and general laws of New York State. The Corporation is a blended component unit of Chenango 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 accounting principles generally accepted in the United States (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.

- **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.

# ***DEVELOPMENT CHENANGO CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

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

#### **Basis of Presentation - Continued**

- **Net Assets With Donor Restrictions - Continued**

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, 2021 and 2020, 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.

#### **Loans Receivable**

The Corporation accounts for loans receivable and the related interest income under the accrual method of accounting. Loans receivable are carried at unpaid principal balances, less an allowance for loan losses and net of any deferred loan fees. The allowance for loan losses is increased by charges to the change in net assets and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Corporation's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectable due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

When management believes, considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful, the interest accrual is removed. Any uncollected interest if previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Loan fees are recognized as income when received. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

# ***DEVELOPMENT CHENANGO CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

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

#### **Property and Equipment**

Property and equipment are recorded at cost. Depreciation is provided for using the straight- line method over the estimated useful lives of the respective assets. The Corporation capitalizes all assets, excluding land, greater than \$500 and with useful lives greater than one year.

#### **Related Party**

The Corporation is related through common management and Board of Directors membership with the Chenango County Industrial Development Agency (IDA), which also promotes economic development in the County. The Corporation is related through common management with Commerce Chenango, Inc.

#### **Income Taxes**

The Corporation is recognized as exempt from federal taxation under §501(c)(3) of the Internal Revenue Code.

#### **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.

#### **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.

#### **Evaluation of Subsequent Events**

The Corporation has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 29, 2022, the date on which the financial statements were available to be issued.

### ***Note 2* 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.

# DEVELOPMENT CHENANGO CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### *Note 3* **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:

	<u>2021</u>	<u>2020</u>
<b>Years Ended December 31,</b>		
Cash and Cash Equivalents	\$ 126,487	\$ 585,902
Accounts Receivable	719	6,475
Loans Receivable	200,082	177,314
Investments	<u>1,931,337</u>	<u>1,950,450</u>
<b>Total Financial Assets</b>		
<b>Available Within One Year</b>	<u>2,258,625</u>	<u>2,720,141</u>
Less: Amounts Unavailable Within One Year:		
Cash Restricted for Escrow	-	(3,129)
Net Assets Designated for Future Loans	<u>(965,669)</u>	<u>(975,225)</u>
<b>Total Amounts Unavailable Within One Year</b>	<u>(965,669)</u>	<u>(978,354)</u>
<b>Total Financial Assets Available To</b>		
<b>Management Within One Year</b>	<u>\$ 1,292,957</u>	<u>\$ 1,741,787</u>

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

### *Note 4* **Investments**

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, "Fair Value Measurements and Disclosures," established a framework for measuring fair value. That framework established 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 under FASB ASC 820 are as follows:

**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.

# **DEVELOPMENT CHENANGO CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

### **Note 4 Investments - Continued**

**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;
- Inputs derived principally from or corroborated 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Corporation does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk.

The Corporation had the following investments at December 31,:

	<b>2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments in Marketable Securities	\$ 1,796,836	\$ 134,501	\$ -	\$ 1,931,337
Loans Receivables, Net	-	-	774,616	774,616
<b>Total</b>	<b>\$ 1,796,836</b>	<b>\$ 134,501</b>	<b>\$ 774,616</b>	<b>\$ 2,705,953</b>
	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments in Marketable Securities	\$ 1,873,397	\$ 77,053	\$ -	\$ 1,950,450
Loans Receivables, Net	-	-	656,673	656,673
<b>Total</b>	<b>\$ 1,873,397</b>	<b>\$ 77,053</b>	<b>\$ 656,673</b>	<b>\$ 2,607,123</b>

Investments in marketable securities are valued at readily determinable fair values and all investments in debt securities are reported at their values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities.

# **DEVELOPMENT CHENANGO CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

**Note 4 Investments - Continued**

Investments in Marketable Securities are summarized below as of December 31,:

	<b>2021</b>		
	<b>Market</b>	<b>Cost</b>	<b>Unrealized Gain (Loss)</b>
Money Funds	\$ 65,749	\$ 65,749	\$ -
Equity Mutual Funds	769,070	544,980	224,090
Real Asset Funds	134,501	110,590	23,911
Fixed Income Mutual Funds	962,017	950,009	12,008
<b>Total</b>	<b>\$ 1,931,337</b>	<b>\$ 1,671,328</b>	<b>\$ 260,009</b>
	<b>2020</b>		
	<b>Market</b>	<b>Cost</b>	<b>Unrealized Gain (Loss)</b>
Money Funds	\$ 83,332	\$ 83,332	\$ -
Equity Mutual Funds	749,892	581,159	168,733
Real Asset Funds	77,053	68,126	8,927
Fixed Income Mutual Funds	1,040,173	999,923	40,250
<b>Total</b>	<b>\$ 1,950,450</b>	<b>\$ 1,732,540</b>	<b>\$ 217,910</b>

Investment return is as follows:

	<b>2021</b>	<b>2020</b>
Realized Gains (Losses)	\$ 72,670	\$ 10,720
Unrealized Gains (Losses)	42,099	123,469
Interest and Dividends	37,266	35,546
Investment Fees	(11,147)	(10,866)
<b>Total</b>	<b>\$ 140,888</b>	<b>\$ 158,869</b>

# **DEVELOPMENT CHENANGO CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

**Note 5 Loans Receivable**

Loans receivable, net of allowance, is summarized as follows:

	<b>2021</b>	<b>2020</b>
Dairy Revolving Loan Fund	\$ 193,752	\$ 201,968
Business Assistance Loan Fund	554,164	424,870
Micro Enterprise Fund	27,869	27,869
COVID-19 Loan Fund	23,115	26,250
	798,900	680,957
Less: Allowance for Estimated Losses	(24,284)	(24,284)
<b>Total</b>	<b>\$ 774,616</b>	<b>\$ 656,673</b>

**Note 6 Property and Equipment**

The Corporation's property and equipment consisted of the following at December 31,:

<b>Asset</b>	<b>2021</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Book Value</b>
Buildings and Land	\$ 1,016,005	\$ (73,201)	\$ 942,804
Leasehold Improvements	116,072	(50,008)	66,064
Equipment and Furniture	7,079	(7,079)	-
<b>Total</b>	<b>\$ 1,139,156</b>	<b>\$ (130,288)</b>	<b>\$ 1,008,868</b>
<b>Asset</b>	<b>2020</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Book Value</b>
Buildings and Land	\$ 509,464	\$ (70,299)	\$ 439,165
Leasehold Improvements	116,072	(33,050)	83,022
Equipment and Furniture	7,079	(7,079)	-
<b>Total</b>	<b>\$ 632,615</b>	<b>\$ (110,428)</b>	<b>\$ 522,187</b>

Depreciation expense amounted to \$19,860 and \$15,638 for the years ended December 31, 2021 and 2020, respectively.

# **DEVELOPMENT CHENANGO CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

**Note 7 Mortgage Payable**

On July 1, 2014, DCC obtained a \$200,000 construction mortgage loan from a nonprofit organization that administers funds from a governmental agency. The proceeds of the loan were used to finance the construction and renovation of 17-19 South Broad Street, which is the security for the loan. The loan is for 20 years at an interest rate of 1%. There are no payments required for the first 12 months of the loan. The first twelve payments were interest only, beginning August 2016. The regular payments began in August 2017 in the amount of \$1,022. The final payment is in July 2035. Based on the market rates for similar loans, the fair value of the note approximates the carrying value.

	<b>2021</b>	<b>2020</b>
Mortgage Payable	\$ 161,852	\$ 172,444
Less: Current Portion	(10,699)	(10,644)
<b>Total</b>	<b>\$ 151,153</b>	<b>\$ 161,800</b>

The following is a schedule of future principal and interest mortgage payments:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 10,699	\$ 1,569	\$ 12,268
2023	10,807	1,461	12,268
2024	10,968	1,300	12,268
2025	11,079	1,190	12,269
2026	11,190	1,079	12,269
2027-2031	57,657	3,684	61,341
2032-2035	49,452	832	50,284
<b>Total Mortgage Payable</b>	<b>\$ 161,852</b>	<b>\$ 11,115</b>	<b>\$ 172,967</b>

# ***DEVELOPMENT CHENANGO CORPORATION***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

### ***Note 8*** **Related Party Transactions**

Several transactions have occurred between DCC and certain governing board members, a board member's business, or another business in which a board member is a director or employee. The transactions can be summarized as follows:

Certain governing board members of DCC are governing board members and/or employees of the financial institution that DCC maintains its cash accounts and investments. At December 31, 2021, and 2020, DCC paid investment fees to the financial institution in the amount of \$11,147 and \$10,866, respectively.

Certain governing board members of DCC are employees of Chenango County and/or members of the Chenango County Board of Supervisors. In 2021 and 2020, DCC received direct funding from Chenango County in the amount of \$102,600 and \$114,000, respectively.

The President of Commerce Chenango, Inc. is also the Executive Director and a board member of DCC. In 2021 and 2020, DCC paid Commerce Chenango for management fees in the amount of \$153,532 and \$146,281, respectively.

### ***Note 9*** **Economic Uncertainty - COVID-19**

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  
Development Chenango Corporation  
Norwich, 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 Development Chenango Corporation (the Corporation), which comprise the Statement of Financial Position as of December 31, 2021, 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 29, 2022.

**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) as a basis for designing 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 financial statements. 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 29, 2022