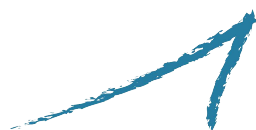


DEVELOPMENT CHENANGO CORPORATION

Norwich, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2022 and 2021**



insero&co

Certified Public Accountants | Business Advisors

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

Opinion

We have audited the financial statements of Development Chenango Corporation (the Corporation), a nonprofit corporation, which comprise the Statements of Financial Position as of December 31, 2022 and 2021, 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 Corporation as of December 31, 2022 and 2021, 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 28, 2023 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 28, 2023

DEVELOPMENT CHENANGO CORPORATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents - Unrestricted	\$ 108,026	\$ 126,487
Accounts Receivable	4,753	719
Current Portion of Loans Receivable	171,306	200,082
Prepaid Expenses	1,036	1,030
Total Current Assets	<u>285,121</u>	<u>328,318</u>
Non-Current Assets		
Other Assets:		
Investments in Marketable Securities	1,678,887	1,931,337
Loans Receivable, Net	648,788	574,534
Total Other Assets	<u>2,327,675</u>	<u>2,505,871</u>
Fixed Assets:		
Office Equipment	7,079	7,079
Leasehold Improvements	116,072	116,072
Land and Buildings	1,016,005	1,016,005
Less: Accumulated Depreciation	<u>(158,590)</u>	<u>(130,288)</u>
Total Fixed Assets, Net	<u>980,566</u>	<u>1,008,868</u>
Total Non-Current Assets	<u>3,308,241</u>	<u>3,514,739</u>
Total Assets	<u>\$ 3,593,362</u>	<u>\$ 3,843,057</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 4,452	\$ 2,224
Accrued Liabilities	-	1,500
Mortgage Payable, Current Portion	10,807	10,699
Total Current Liabilities	<u>15,259</u>	<u>14,423</u>
Long-Term Liabilities		
Mortgage Payable, Net of Current Portion	<u>140,345</u>	<u>151,153</u>
Total Liabilities	<u>155,604</u>	<u>165,576</u>
Net Assets		
Without Donor Restrictions	<u>3,437,758</u>	<u>3,677,481</u>
Total Net Assets	<u>3,437,758</u>	<u>3,677,481</u>
Total Liabilities and Net Assets	<u>\$ 3,593,362</u>	<u>\$ 3,843,057</u>

See Notes to Financial Statements

DEVELOPMENT CHENANGO CORPORATION

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	<u>2022</u>	<u>2021</u>
PROGRAM REVENUES, GAINS, AND OTHER SUPPORT		
Contributions From Local Governments	\$ 152,420	\$ 184,850
Interest and Fees Earned on Loan Portfolio	34,421	33,369
Investment Return	(222,448)	140,888
Rental Income	59,291	55,450
Other	-	134
Total Program Revenues, Gains, and Other Support	<u>23,684</u>	<u>414,691</u>
FUNCTIONAL EXPENSES		
Program Services		
Economic Development	142,273	141,124
Business Grants	8,962	9,945
Loan Portfolio	19,169	24,697
Total Program Services	<u>170,404</u>	<u>175,766</u>
Supporting Services		
Management and General	<u>93,003</u>	<u>106,833</u>
Total Operating Expenses	<u>263,407</u>	<u>282,599</u>
Changes in Net Assets	(239,723)	132,092
Net Assets, January 1,	<u>3,677,481</u>	<u>3,545,389</u>
Net Assets, December 31,	<u><u>\$ 3,437,758</u></u>	<u><u>\$ 3,677,481</u></u>

See Notes to Financial Statements

DEVELOPMENT CHENANGO CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Total Programs	Supporting Services	2022 Total
	Economic Development	Business Grants	Loan Portfolio		Management and General	
Management Fees	\$ 40,625	\$ 5,802	\$ 5,803	\$ 52,230	\$ 63,838	\$ 116,068
Program Recipient and Administration	6,707	-	-	6,707	-	6,707
Professional Fees	8,541	1,195	8,827	18,563	5,626	24,189
Advertising	10,304	-	-	10,304	-	10,304
Office Expenses	2,217	317	317	2,851	3,482	6,333
Occupancy Expenses	4,223	-	4,222	8,445	3,622	12,067
Interest Expenses	1,569	-	-	1,569	-	1,569
Rental Property Expenses	40,795	-	-	40,795	-	40,795
Travel and Training	2,968	1,648	-	4,616	1,979	6,595
Insurance	1,683	-	-	1,683	906	2,589
Miscellaneous Expenses	-	-	-	-	7,890	7,890
	<u>119,632</u>	<u>8,962</u>	<u>19,169</u>	<u>147,763</u>	<u>87,342</u>	<u>235,105</u>
Depreciation	<u>22,641</u>	<u>-</u>	<u>-</u>	<u>22,641</u>	<u>5,661</u>	<u>28,302</u>
Total Expenses	<u>\$ 142,273</u>	<u>\$ 8,962</u>	<u>\$ 19,169</u>	<u>\$ 170,404</u>	<u>\$ 93,003</u>	<u>\$ 263,407</u>

See Notes to Financial Statements

DEVELOPMENT CHENANGO CORPORATION

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

	Program Services			Total Programs	Supporting Services	2021 Total
	Economic Development	Business Grants	Loan Portfolio		Management and General	
Management Fees	\$ 53,738	\$ 7,675	\$ 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	1,447	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 Debt	-	-	-	-	1,500	1,500
	<u>125,236</u>	<u>9,945</u>	<u>24,697</u>	<u>159,878</u>	<u>102,861</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>
Total Expenses	<u>\$ 141,124</u>	<u>\$ 9,945</u>	<u>\$ 24,697</u>	<u>\$ 175,766</u>	<u>\$ 106,833</u>	<u>\$ 282,599</u>

See Notes to Financial Statements

DEVELOPMENT CHENANGO CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
Cash Flows From Operating Activities		
Change in Net Assets	\$ (239,723)	\$ 132,092
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	28,302	19,860
Net Realized (Gain) on Sale of Investments	(4,169)	(72,670)
Net Unrealized Loss (Gain) on Investment Transactions	260,919	(42,099)
(Increase) Decrease in Accounts Receivable	(4,034)	5,756
(Increase) Decrease in Prepaid Expenses	(6)	1,272
(Increase) Decrease Loans Receivable	(45,478)	(117,943)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	728	(2,432)
Net Cash Provided (Used) by Operating Activities	(3,461)	(76,164)
Cash Flows From Investing Activities		
Purchases of Property and Equipment	-	(506,541)
Proceeds From Sales of Investments	198,518	533,281
Purchases of Investments	(202,818)	(399,399)
Net Cash Provided (Used) by Investing Activities	(4,300)	(372,659)
Cash Flows From Financing Activities		
Repayments of Mortgage	(10,700)	(10,592)
Net Cash Provided (Used) by Financing Activities	(10,700)	(10,592)
Net Increase (Decrease) in Cash and Cash Equivalents	(18,461)	(459,415)
Cash and Cash Equivalents, January 1,	126,487	585,902
Cash and Cash Equivalents, December 31,	\$ 108,026	\$ 126,487

See Notes to Financial Statements

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

***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'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, 2022 AND 2021

***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, 2022 and 2021, 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, 2022 AND 2021

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

Fixed Assets

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 28, 2023, 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. The Corporation had no cash balances above the FDIC limit.

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 3 **Liquidity and Availability of Resources**

The Corporation's financial assets available within one year of the Statements of Financial Position date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Years Ended December 31,		
Cash and Cash Equivalents	\$ 108,026	\$ 126,487
Accounts Receivable	4,753	719
Loans Receivable	171,306	200,082
Investments	<u>1,678,887</u>	<u>1,931,337</u>
Total Financial Assets		
Available Within One Year	<u>1,962,972</u>	<u>2,258,625</u>
(Less) Amounts Unavailable Within One Year		
Net Assets Designated for Future Loans	<u>(839,444)</u>	<u>(965,669)</u>
Total Amounts Unavailable Within One Year	<u>(839,444)</u>	<u>(965,669)</u>
Total Financial Assets Available To		
Management Within One Year	<u>\$ 1,123,529</u>	<u>\$ 1,292,956</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, 2022 AND 2021

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,:

	2022			
	Level 1	Level 2	Level 3	Total
Investments in Marketable Securities	\$ 1,566,342	\$ 112,545	\$ -	\$ 1,678,887
Total	\$ 1,566,342	\$ 112,545	\$ -	\$ 1,678,887
	2021			
	Level 1	Level 2	Level 3	Total
Investments in Marketable Securities	\$ 1,796,836	\$ 134,501	\$ -	\$ 1,931,337
Total	\$ 1,796,836	\$ 134,501	\$ -	\$ 1,931,337

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, 2022 AND 2021

Note 4 Investments - Continued

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

	2022		
	Market	Cost	Unrealized Gain (Loss)
Money Funds	\$ 48,963	\$ 48,963	\$ -
Equity Mutual Funds	664,373	579,234	85,139
Real Asset Funds	112,545	101,014	11,531
Fixed Income Mutual Funds	853,006	950,586	(97,580)
Total	\$ 1,678,887	\$ 1,679,797	\$ (910)
	2021		
	Market	Cost	Unrealized Gain (Loss)
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
Total	\$ 1,931,337	\$ 1,671,328	\$ 260,009

Investment return is as follows:

	2022	2021
Realized Gains (Losses)	\$ 4,169	\$ 72,670
Unrealized Gains (Losses)	(260,919)	42,099
Interest and Dividends	44,668	37,266
Investment Fees	(10,366)	(11,147)
Total	\$ (222,448)	\$ 140,888

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 5 Loans Receivable

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

	2022	2021
Dairy Revolving Loan Fund	\$ 245,679	\$ 193,752
Business Assistance Loan Fund	528,910	554,164
Micro Enterprise Fund	-	27,869
COVID-19 Loan Fund	45,677	23,115
	820,266	798,900
(Less) Allowance for Estimated Losses	(172)	(24,284)
Total	\$ 820,094	\$ 774,616

Note 6 Fixed Assets

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

2022			
Asset	Cost	Accumulated Depreciation	Book Value
Land and Buildings	\$ 1,016,005	\$ (98,601)	\$ 917,404
Leasehold Improvements	116,072	(52,910)	63,162
Office Equipment	7,079	(7,079)	-
Total	\$ 1,139,156	\$ (158,590)	\$ 980,566
2021			
Asset	Cost	Accumulated Depreciation	Book Value
Land and Buildings	\$ 1,016,005	\$ (73,201)	\$ 942,804
Leasehold Improvements	116,072	(50,008)	66,064
Office Equipment	7,079	(7,079)	-
Total	\$ 1,139,156	\$ (130,288)	\$ 1,008,868

Depreciation expense amounted to \$28,302 and \$19,860 for the years ended December 31, 2022 and 2021, respectively.

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 7 Mortgage Payable

On July 1, 2014, the Corporation 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.

	2022	2021
Mortgage Payable	\$ 151,152	\$ 161,852
(Less) Current Portion	(10,807)	(10,699)
Total	\$ 140,345	\$ 151,153

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

	Principal	Interest	Total
2023	\$ 10,807	\$ 1,462	\$ 12,269
2024	10,915	1,354	12,269
2025	11,025	1,244	12,269
2026	11,136	1,133	12,269
2027	11,247	1,021	12,268
2028-2032	57,955	3,388	61,343
2033-2035	38,067	619	38,686
Total Mortgage Payable	\$ 151,152	\$ 10,221	\$ 161,373

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

***Note 8* Related Party Transactions**

Several transactions have occurred between the Corporation 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 the Corporation are governing board members and/or employees of the financial institution that the Corporation maintains its cash accounts and investments. At December 31, 2022, and 2021, the Corporation paid investment fees to the financial institution in the amount of \$10,295 and \$11,147, respectively.

Certain governing board members of the Corporation are employees of Chenango County and/or members of the Chenango County Board of Supervisors. In 2022 and 2021, the Corporation received direct funding from Chenango County in the amount of \$152,420 and \$102,600, respectively.

The President of Commerce Chenango, Inc. is also the Executive Director and a board member of the Corporation. In 2022 and 2021, the Corporation paid Commerce Chenango for management fees in the amount of \$116,068 and \$153,532, respectively.



**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, 2022, 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 28, 2023.

Report on 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.

Report on 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 28, 2023