

**DEVELOPMENT CHENANGO
CORPORATION**

Norwich, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2023 and 2022**

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

DEVELOPMENT CHENANGO CORPORATION

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NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

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, 2023 and 2022, 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, 2023 and 2022, 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 [Date] , 2024 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,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
[Date] , 2024

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

DEVELOPMENT CHENANGO CORPORATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents - Unrestricted	\$ 198,952	\$ 108,026
Accounts Receivable	21,241	4,753
Current Portion of Loans Receivable	112,801	171,306
Prepaid Expenses	1,320	1,036
Total Current Assets	334,314	285,121
Non-Current Assets		
Other Assets		
Investments in Marketable Securities	1,817,954	1,678,887
Loans Receivable, Net of Current Portion	550,677	648,788
Total Other Assets	2,368,631	2,327,675
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	(186,892)	(158,590)
Total Fixed Assets, Net	952,264	980,566
Total Non-Current Assets	3,320,895	3,308,241
Total Assets	\$ 3,655,209	\$ 3,593,362
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 27,771	\$ 4,452
Mortgage Payable, Current Portion	10,915	10,807
Total Current Liabilities	38,686	15,259
Long-Term Liabilities		
Mortgage Payable, Net of Current Portion	129,431	140,345
Total Liabilities	168,117	155,604
Net Assets		
Without Donor Restrictions	3,487,092	3,437,758
Total Net Assets	3,487,092	3,437,758
Total Liabilities and Net Assets	\$ 3,655,209	\$ 3,593,362

See Notes to Financial Statements

DEVELOPMENT CHENANGO CORPORATION

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2023	2022
PROGRAM REVENUES, GAINS, AND OTHER SUPPORT		
Contributions From Local Governments	\$ 156,993	\$ 152,420
Contributions From Businesses and General Public	600	-
Interest and Fees Earned on Loan Portfolio	22,842	34,421
Investment Return	169,067	(222,448)
Rental Income	62,030	59,291
Other	250	-
Total Program Revenues, Gains, and Other Support	411,782	23,684
FUNCTIONAL EXPENSES		
Program Services		
Economic Development	166,044	142,273
Business Grants	10,045	8,962
Loan Portfolio	27,169	19,169
Total Program Services	203,259	170,404
Supporting Services		
Management and General	159,189	93,003
Total Operating Expenses	362,448	263,407
Changes in Net Assets	49,334	(239,723)
Net Assets, January 1,	3,437,758	3,677,481
Net Assets, December 31,	\$ 3,487,092	\$ 3,437,758

See Notes to Financial Statements

DEVELOPMENT CHENANGO CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services		
	Economic Development	Business Grants	Loan Portfolio	Total Programs	Management and General	Total
Management Fees	\$ 43,435	\$ 6,204	\$ 6,204	\$ 55,844	\$ 68,254	\$ 124,098
Special Projects	22,757	-	-	22,757	-	22,757
Program Recipient and Administration	9,406	-	-	9,406	-	9,406
Professional Fees	19,209	2,687	19,852	41,748	12,652	54,400
Advertising	-	-	-	-	11,536	11,536
Office Expenses	1,212	-	-	1,212	-	1,212
Occupancy Expenses	4,202	601	601	5,405	6,601	12,006
Interest Expenses	512	-	512	1,023	439	1,462
Rental Property Expenses	39,757	-	-	39,757	-	39,757
Travel and Training	1,916	-	-	1,916	-	1,916
Insurance	997	553	-	1,550	664	2,214
Bad Debts	-	-	-	-	53,382	53,382
	<u>143,403</u>	<u>10,045</u>	<u>27,169</u>	<u>180,618</u>	<u>153,528</u>	<u>334,146</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>\$ 166,044</u>	<u>\$ 10,045</u>	<u>\$ 27,169</u>	<u>\$ 203,259</u>	<u>\$ 159,189</u>	<u>\$ 362,448</u>

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

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	
	Economic Development	Business Grants	Loan Portfolio		Management and General	Total
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	-	-	-	-	7,889	7,889
	<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>

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

See Notes to Financial Statements

DEVELOPMENT CHENANGO CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	2023	2022
Cash Flows From Operating Activities		
Change in Net Assets	\$ 49,334	\$ (239,723)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	28,302	28,302
Net Realized Loss (Gain) on Sale of Investments	3,513	(4,169)
Net Unrealized (Gain) Loss on Investment Transactions	(129,512)	260,919
(Increase) Decrease in Accounts Receivable	(16,488)	(4,034)
(Increase) Decrease in Prepaid Expenses	(284)	(6)
(Increase) Decrease Loans Receivable	156,616	(45,478)
Increase (Decrease) in Accounts Payable	23,319	728
Net Cash Provided (Used) by Operating Activities	114,800	(3,461)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	295,767	198,518
Purchases of Investments	(308,835)	(202,818)
Net Cash Provided (Used) by Investing Activities	(13,068)	(4,300)
Cash Flows From Financing Activities		
Repayments of Mortgage	(10,806)	(10,700)
Net Cash Provided (Used) by Financing Activities	(10,806)	(10,700)
Net Increase (Decrease) in Cash and Cash Equivalents	90,926	(18,461)
Cash and Cash Equivalents, January 1,	108,026	126,487
Cash and Cash Equivalents, December 31,	\$ 198,952	\$ 108,026
Supplemental Disclosures		
Interest Paid	\$ 1,462	\$ 1,569

See Notes to Financial Statements

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

***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 Chenango 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, 2023 AND 2022

***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, 2023 and 2022, 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, Net, and Allowance for Expected Credit Losses

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, 2023 AND 2022

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

Loans Receivable, Net, and Allowance for Expected Credit Losses- Continued

The Corporation estimates expected credit losses for accounts receivable by considering a variety of factors including historical credit loss experience, judgement as to the specific customer's current ability to pay, and current and forward-looking factors regarding the economic environment. The allowance for expected credit losses is established through a charge to expense. Receivables are charged against the allowance for expected credit losses when management believes that collectability is unlikely. The allowance for expected credit loss was \$53,553 at December 31, 2023.

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.

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (ASU 2016-13), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss model with a forward-looking expected loss model which results in earlier recognition of credit losses. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Corporation adopted ASU 2016-13 as of January 1, 2023 using a modified retrospective approach. The adoption of this standard did not have a material impact on the Corporation’s financial statements.

Evaluation of Subsequent Events

The Corporation has evaluated events and transactions for potential recognition or disclosure in the financial statements through [Date] , 2024, 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, 2023 AND 2022

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:

	2023	2022
Years Ended December 31,		
Cash and Cash Equivalents	\$ 198,952	\$ 108,026
Accounts Receivable	21,241	4,753
Loans Receivable	112,801	171,306
Investments	1,817,954	1,678,887
Total Financial Assets	2,150,948	1,962,972
Available Within One Year	2,150,948	1,962,972
 (Less) Amounts Unavailable Within One Year		
Net Assets Designated for Future Loans	(908,977)	(839,444)
Total Amounts Unavailable Within One Year	(908,977)	(839,444)
 Total Financial Assets Available To Management Within One Year	\$ 1,241,971	\$ 1,123,529

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, 2023 AND 2022

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,:

		2023			
		Level 1	Level 2	Level 3	Total
	Investments in Marketable Securities	\$ 1,693,413	\$ 124,541	\$ -	\$ 1,817,954
	Total	\$ 1,693,413	\$ 124,541	\$ -	\$ 1,817,954
		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

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, 2023 AND 2022

Note 4 Investments - Continued

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

	2023		
	Market	Cost	Unrealized Gain (Loss)
Money Funds	\$ 63,611	\$ 63,611	\$ -
Equity Mutual Funds	719,315	539,439	179,876
Real Asset Funds	124,541	111,745	12,796
Fixed Income Mutual Funds	910,487	974,557	(64,070)
Total	\$ 1,817,954	\$ 1,689,352	\$ 128,602

	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)

Investment return is as follows:

	2023	2022
Realized Gains (Losses)	\$ (3,513)	\$ 4,169
Unrealized Gains (Losses)	129,512	(260,919)
Interest and Dividends	53,317	44,668
Investment Fees	(10,249)	(10,366)
Total	\$ 169,067	\$ (222,448)

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 5 Loans Receivable

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

	2023	2022
Dairy Revolving Loan Fund	\$ 215,205	\$ 245,679
Business Assistance Loan Fund	462,897	528,910
COVID-19 Loan Fund	38,929	45,677
	717,031	820,266
(Less) Allowance for Estimated Losses	(53,553)	(172)
Total	\$ 663,478	\$ 820,094

Note 6 Fixed Assets

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

2023			
Asset	Cost	Accumulated Depreciation	Book Value
Land and Buildings	\$ 1,016,005	\$ (124,001)	\$ 892,004
Leasehold Improvements	116,072	(55,812)	60,260
Office Equipment	7,079	(7,079)	-
Total	\$ 1,139,156	\$ (186,892)	\$ 952,264
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

Depreciation expense amounted to \$28,302 and \$28,302 for the years ended December 31, 2023 and 2022, respectively.

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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.

	2023	2022
Mortgage Payable	\$ 140,346	\$ 151,152
(Less) Current Portion	(10,915)	(10,807)
Total	\$ 129,431	\$ 140,345

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

	Principal	Interest	Total
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	11,360	908	12,268
2029-2033	58,538	2,806	61,344
2034-2036	26,125	293	26,418
Total Mortgage Payable	\$ 140,346	\$ 8,759	\$ 149,105

DEVELOPMENT CHENANGO CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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, 2023, and 2022, the Corporation paid investment fees to the financial institution in the amount of \$10,249 and \$10,295, respectively.

Certain governing Board members of the Corporation are employees of Chenango County and/or members of the Chenango County Board of Supervisors. In 2023 and 2022, the Corporation received direct funding from Chenango County in the amount of \$156,993 and \$152,420, respectively.

The President of Commerce Chenango, Inc. is also the Executive Director and a Board member of the Corporation. In 2023 and 2022, the Corporation paid Commerce Chenango for management fees in the amount of \$124,098 and \$116,068, respectively.

Note 9 **Subsequent Events**

The Corporation is in the process of selling the 14-16 South Board Street building, for ~~\$265,000.~~ →



NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

**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, 2023, 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 [Date], 2024.

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,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
[Date] , 2024

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS