

**COLUMBIA ECONOMIC
DEVELOPMENT CORPORATION
2021 Investment Report**

In accordance with Section 2925 of the Public Authorities Law; Sections 10, 11 and 858-a of General Municipal Law, the Columbia Economic Development Corporation has prepared an annual Investment Report for 2021.

The Columbia Economic Development Corporation Investment Policy was originally approved on February 5, 2015, with the latest revision made on April 20, 2021.

The Policy was amended on April 20, 2021. Section VII was corrected to reflect the removal of an unused Authorized Depository. No other amendments were made since the policy was reviewed and re-adopted on January 28, 2021.

The amended and approved Investment Policy has been attached to this document as Schedule A.

The 2021 Annual Financial Audit is attached as Schedule B.

The Corporation generated \$2172.84 in interest income for the period January 1, 2021 – December 31, 2021.

Bank Name	Amount Generated	Fees
Community Bank	\$ 1125.56	\$ 990.00
Key Bank	\$ 154.75	\$ 2854.99
The Bank of Greene County	\$ 256.53	\$0.00
Berkshire Bank	\$ 636.00	\$0.00

Schedule A

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION

INVESTMENT POLICY

I. Scope

This investment policy applies to all moneys and other financial resources available for investment by the Columbia Economic Development Corporation (the "Corporation").

II. Objectives

The primary objectives of the Corporation's investment activities are, in priority order.

- To conform with all applicable federal, state and other legal requirements;
- To adequately safeguard principal;
- To provide sufficient liquidity to meet all operating requirements; and
- To obtain a reasonable rate of return.

III. Delegation of Authority

The responsibility for administration of the investment program is delegated to the President/CEO who shall establish procedures, subject to Board approval, for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investments, transaction dates, and other relevant information.

IV. Prudence

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Corporation.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

Consistent with CEDC's Conflict of Interest policy, all participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. Diversification

It is the policy of the Corporation to diversify its deposits and investments by financial institution such that the Corporation's deposits and investments do not exceed FDIC coverage and collateral pledged by such institution.

VI. Internal Controls

It is the policy of the Corporation that all moneys collected by any officer or employee of the Corporation be transferred to the President/CEO or his designee within 5 days of receipt for deposit into the Corporation's account.

The President/CEO is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

VII. Designation of Authorized Depositories

The banks and trust companies authorized for the deposit of monies :

Depository

Community Bank formerly Kinderhook Bank

Key Bank formerly First Niagara Bank

The Bank of Greene County

Berkshire Bank

VIII. Collateralizing of Deposits

In accordance with the provisions of General Municipal Law, §10, all deposits of the Corporation, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of "eligible securities" with an aggregate market value, as provided by General Municipal Law, §10, equal to the aggregate amount of such deposits (a list of eligible collateral securities are included as Appendix A to this policy).

IX. Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by the depositories trust department and/or a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure local government deposits together with agreed upon interest, if any and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events, which enable the Corporation to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the local government, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Corporation or its custodial bank.

The custodial agreement shall provide securities held by the bank or trust company, or agent of and custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

X. Authorized Investments

As authorized by General Municipal Law, §11, the Agency authorizes the President/CEO to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York
- Money market/savings

All investment obligations shall be payable or redeemable at the option of the Corporation within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Corporation within one year of the date of purchase.

XI. Quarterly Reporting Requirements

Each quarter, at the regularly scheduled monthly meeting of the Corporation's Board of Trustees, the Treasurer shall prepare a report of the Corporation's cash and investment balances as of the last day of the preceding month or a later date, if available. At a minimum such report shall contain:

- The name of each financial institution
- Type of account (checking, savings, certificate of deposit, etc.)
- Current rate of interest
- Account balance as of the last day of the previous month

THIS POLICY SHALL BE REVIEWED AND ADOPTED ANNUALLY.

APPENDIX A

Schedule of securities eligible for collateralization of Corporation deposits:

- I. Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.
- II. Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance or guaranty.
- III. Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a Municipal Corporation, school district or District Corporation of such State or obligations of any public benefit corporation that under a specific State statute may be accepted as security for deposit of public moneys.
- IV. Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- V. Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- VI. Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- VII. Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- VIII. Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies.
- IX. Commercial paper and bankers' acceptances issued by a bank, other than the Bank, rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of not longer than 60 days from the date they are pledged.
- X. Zero coupon obligations of the United States government marketed as "Treasury Strips".

Schedule B

2021 Audit

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

AUDITED FINANCIAL STATEMENTS

As of and for the year ended December 31, 2021
(with memorandum totals as of and for the year ended December 31, 2020)

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

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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of
Columbia Economic Development Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Columbia Economic Development Corporation (a not-for-profit component unit of the County of Columbia, New York) (the "Corporation"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Columbia Economic Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Columbia Economic Development Corporation as of December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Columbia Economic Development 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

Columbia Economic Development Corporation's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Columbia Economic Development Corporation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's 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 auditor's 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 Columbia Economic Development 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 professional judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Columbia Economic Development 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022 on our consideration of Columbia Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia Economic Development Corporation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Columbia Economic Development Corporation's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

UHY LLP

Hudson, New York
March 30, 2022

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021

1. Introduction:

Within this section of the Columbia Economic Development Corporation's (the "Corporation") financial statements, the Corporation's management provides narrative discussion and analysis of the financial activities of the not-for profit Corporation for the year ended December 31, 2021. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements for the year ended December 31, 2021.

2. Overview of the Financial Statements:

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

Financial Statements:

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

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

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

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

Notes to Financial Statements:

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

3. Financial Highlights:

During the year ended December 31, 2021, the Corporation was able to assist Columbia County businesses through its loan programs as well as the continuation of a fiscal agent arrangement (see note 14). The fiscal agent arrangement was created in an effort to help businesses during the COVID 19 pandemic.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021

3. Financial Highlights (Continued):

Net position increased \$35,161 during the year ended December 31, 2021. Operating revenues decreased \$119,244 or 24%, primarily due to a decrease in grant revenue of \$142,234 offset by an increase in interest on loans of \$15,721 and an increase of administrative fees of \$10,022. Non-operating activity in 2021 (excluding appropriations) resulted in a gain of \$136,495 due to forgiveness of paycheck protection program loans. Operating expenses decreased \$328,897 or 28%, primarily due to a decrease in grant expense of \$235,116, a decrease in personnel and benefits of \$41,054, a decrease in consulting of \$36,470, and a decrease in bad debt expense of \$54,176.

Total assets increased by \$135,663 or 3.77% and total liabilities increased \$104,669 or 11.98% for the year ended December 31, 2021. Cash and cash equivalents was \$1,353,199 at December 31, 2021, a decrease of \$174,477 from December 31, 2020. Total loans increased by \$137,887 to \$1,668,089 presented net of an allowance for loan loss of \$278,233 at December 31, 2021.

4. Financial Statement Analysis:

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

	<u>2021</u>	<u>2020</u>
Assets		
Capital assets	\$ 12,740	\$ 14,340
Current assets	2,165,039	1,965,043
Long-term assets	1,557,844	1,620,577
Total assets	<u>\$ 3,735,623</u>	<u>\$ 3,599,960</u>
Current liabilities	\$ 199,586	\$ 265,342
Long-term liabilities	778,552	608,127
Deferred inflow of resources	5,237	9,404
Net position		
Unrestricted	2,271,624	2,274,505
Capital	12,740	14,340
Restricted	467,884	428,242
Total liabilities, deferred inflows, and net position	<u>\$ 3,735,623</u>	<u>\$ 3,599,960</u>

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021

4. Financial Statement Analysis (Continued):

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

	<u>2021</u>	<u>2020</u>
Operating revenues		
Charges for services	\$ 44,022	\$ 34,000
Interest from loans	73,472	57,751
Grant revenues	221,089	363,323
Membership fees	32,992	36,618
Land sale	873	-
Total operating revenues	<u>372,448</u>	<u>491,692</u>
Non-operating revenues		
Columbia County appropriation	368,000	391,000
Forgiveness of paycheck protection program loans	132,814	-
Interest earnings	3,750	10,854
Total non-operating revenues	<u>504,564</u>	<u>401,854</u>
Total revenues	<u>877,012</u>	<u>893,546</u>
Operating expenditures		
Personnel and benefits	315,068	356,122
Professional fees	46,419	38,535
Grants	9,654	244,770
Office	98,642	89,436
Consulting	167,318	203,788
Marketing	19,689	23,571
New initiatives	61,802	58,814
Bad debt	50,000	104,176
Other operating expenditures	73,190	51,467
Total operating expenditures	<u>841,782</u>	<u>1,170,679</u>
Nonoperating expenditures		
Interest	69	183
Total nonoperating expenditures	<u>69</u>	<u>183</u>
Total expenditures	<u>841,851</u>	<u>1,170,862</u>
Total revenues in excess (deficiency) of expenditures	35,161	(277,316)
Net position at the beginning of the year	<u>2,717,087</u>	<u>2,994,403</u>
Net position at the end of the year	<u>\$ 2,752,248</u>	<u>\$ 2,717,087</u>

The 2021 budget included revenue of \$706,000 and expenses of \$765,321 with a projected loss of \$59,321.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021

4. Financial Statement Analysis (Continued):

Total revenues were \$171,012 more (24%) than the budget and total expenditures were \$76,530 more (10%) than the budget. Total revenues exceeded the budget primarily due to grant revenue and forgiveness of paycheck protection program loans exceeding the budget by \$98,089 and \$132,814, respectively. This was offset by interest on loans, membership fees, and other income not meeting the budget by \$26,528, \$17,008, and \$10,377, respectively. Total expenses exceeded the budget primarily due to new initiatives, office expenses, and bad debt exceeding budget by \$31,802, \$26,142, and \$50,000, respectively, offset by personnel and benefits budget exceeding actual expense by \$50,753.

5. Additional Information:

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

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
STATEMENT OF NET POSITION
December 31, 2021
(with memorandum only totals at December 31, 2020)

	2021	2020 (memorandum only)
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,353,199	\$ 1,528,459
Certificate of deposit	153,955	153,439
Restricted cash - fiscal agency	14,670	25,344
Prepaid expenses	-	2,888
Accounts receivable	50,675	1,667
Account receivable - IDA	12,000	8,000
Land sale receivable, current portion	9,918	9,491
SBA technical assistance grant receivable	43,352	19,282
Loans receivable, current portion	527,270	218,473
Total current assets	<u>2,165,039</u>	<u>1,965,043</u>
FURNITURE AND EQUIPMENT, NET		
Furniture and equipment, net of \$31,320 of accumulated depreciation	12,740	14,340
Total furniture and equipment, net	<u>12,740</u>	<u>14,340</u>
OTHER ASSETS		
Restricted cash	413,825	295,730
Security deposit	3,200	3,200
Land sale receivable, long term portion	-	9,918
Loans receivable, less current portion, net of allowance of \$278,233	1,140,819	1,311,729
Total other assets	<u>1,557,844</u>	<u>1,620,577</u>
Total assets	<u>3,735,623</u>	<u>3,599,960</u>
CURRENT LIABILITIES		
Accounts payable	16,222	29,715
Accrued expenses	8,674	15,581
Due to fiscal agency	14,670	25,344
Loans payable - PPP and EIDL, current portion	-	50,389
Loans payable - SBA microloan program, current portion	140,833	135,572
Debt reserve deposit	10,000	-
Unearned revenue, current portion	9,187	8,741
Total current liabilities	<u>199,586</u>	<u>265,342</u>
NON-CURRENT LIABILITIES		
Loans payable-PPP and EIDL, long-term portion	100,000	118,311
Loans payable-SBA microloan program, long-term portion	623,680	461,505
Unearned revenue, long-term portion	54,872	18,311
Debt reserve deposit	-	10,000
Total non-current liabilities	<u>778,552</u>	<u>608,127</u>
Total liabilities	<u>978,138</u>	<u>873,469</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred grant income	5,237	5,237
Deferred membership income	-	4,167
Total deferred inflows of resources	<u>5,237</u>	<u>9,404</u>
NET POSITION		
Unrestricted	2,271,624	2,274,505
Invested in capital assets	12,740	14,340
Restricted		
Commerce Park water tower	71,817	71,817
County directed	48,889	48,889
Columbia County Student Connects Program	23,000	8,000
Columbia County Business Continuity Fund Program	-	414
Masten Park	15,000	-
SBA microloan program	309,178	299,122
Total net position	<u>\$ 2,752,248</u>	<u>\$ 2,717,087</u>

See notes to financial statements.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended December 31, 2021
(with memorandum only totals for the year ended December 31, 2020)

	2021	2020 (memorandum only)
OPERATING REVENUE		
Administrative fees - related party	\$ 24,000	\$ 24,000
Administrative fees - Hudson IDA	20,022	10,000
Grant revenue	221,089	363,323
Interest on loans	73,472	57,751
Membership fees	32,992	36,618
Land sale	873	-
Total operating revenue	<u>372,448</u>	<u>491,692</u>
OPERATING EXPENSES		
Personnel and benefits	315,068	356,122
Grant expense	9,654	244,770
Office expense	98,642	89,436
Program delivery fees	35,442	27,287
Professional fees	46,419	38,535
Consulting	167,318	203,788
Meetings and events	2,620	3,020
Insurance	2,886	3,001
Marketing	19,689	23,571
New initiatives	61,802	58,814
Depreciation	5,293	5,427
Bad debt	50,000	104,176
Miscellaneous	26,949	12,732
Total operating expenses	<u>841,782</u>	<u>1,170,679</u>
OPERATING LOSS	<u>(469,334)</u>	<u>(678,987)</u>
NON-OPERATING REVENUE (EXPENSES)		
Bank interest	3,750	10,854
Forgiveness of paycheck protection program loans	132,814	-
Interest expense and fees	(69)	(183)
Total Non-Operating Revenue (Expenses)	<u>136,495</u>	<u>10,671</u>
Appropriation from the County of Columbia, NY	<u>368,000</u>	<u>391,000</u>
CHANGE IN NET POSITION	<u>35,161</u>	<u>(277,316)</u>
NET POSITION, Beginning of year	<u>2,717,087</u>	<u>2,994,403</u>
NET POSITION, End of year	<u>\$ 2,752,248</u>	<u>\$ 2,717,087</u>

See notes to financial statements.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021
(with memorandum only totals for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u> <u>(memorandum only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Administrative fees - related party	\$ 18,000	\$ 18,000
Administrative fees - Hudson IDA	20,022	10,000
Principal disbursed on loans receivable	(580,400)	(671,820)
Principal received on loans receivable	392,514	550,589
Membership contributions	28,825	29,074
Grant revenue	234,026	474,768
Land sale	10,364	-
Interest on loans	73,472	57,751
Payments to employees	(315,068)	(356,122)
Payments to vendors	(548,616)	(666,743)
Net cash used for operating activities	<u>(666,861)</u>	<u>(554,503)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriation from the County of Columbia, NY	368,000	391,000
Proceeds from loans payable - PPP and EIDL	64,114	168,700
Payments on SBA microloan program	(132,564)	(110,125)
Proceeds from SBA microloan program	300,000	250,000
Net cash provided by noncapital financing activities	<u>599,550</u>	<u>699,575</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	(516)	(2,410)
Purchase of equipment	(3,693)	(6,235)
Interest paid	(69)	(183)
Interest received	3,750	10,854
Net cash (used for) provided by investing activities	<u>(528)</u>	<u>2,026</u>

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended December 31, 2021
(with memorandum only totals for the year ended December 31, 2020)

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (67,839)	\$ 147,098
CASH AND CASH EQUIVALENTS, Beginning of year	1,849,533	1,702,435
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,781,694</u>	<u>\$ 1,849,533</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 1,353,199	\$ 1,528,459
Restricted cash - fiscal agency	14,670	25,344
Restricted cash	413,825	295,730
	<u>\$ 1,781,694</u>	<u>\$ 1,849,533</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (469,334)	\$ (678,987)
Bad debt reserve	50,000	104,176
Depreciation expense	5,293	5,427
Changes in assets, liabilities, and deferred inflows:		
Prepays	2,888	3,435
Loans receivable	(187,887)	(124,298)
Land sale receivable	9,491	-
SBA technical assistance grant receivable	(24,070)	43,458
Grant receivable	-	62,750
Accounts receivable	(49,008)	-
Account receivable - IDA	(6,000)	(6,000)
Accounts payable	(13,493)	8,250
Due to fiscal agency	(10,674)	25,344
Unearned revenue	37,007	-
Accrued expenses	(6,907)	4,249
Deferred grant income	-	5,237
Deferred membership income	(4,167)	(7,544)
Net cash used for operating activities	<u>\$ (666,861)</u>	<u>\$ (554,503)</u>

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – NATURE OF ORGANIZATION

Financial Reporting Entity

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

Programs of the Corporation

General Operating

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

Loan Program

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

The loan program receives grant money from time to time from CDBG-NYS. As a requirement of the grant, the loan program awards a contingent grant (usually based on employment goals) to local organizations after meeting certain NYS grant requirements. If requirements of the grant are not met by the local organization, the grant converts to a loan. The Corporation treats these arrangements as loans until the contingencies are met. As of December 31, 2021, the Corporation’s loans receivables include \$245,000 of these loan types comprised of:

	Original Loan Balance	Loan Balance at December 31, 2021
Flanders/Precisionaire Corporation	\$ 200,000	\$ 200,000
Hudson Valley Creamery (CDBG)	45,000	45,000
	<u>\$ 245,000</u>	<u>\$ 245,000</u>

Flanders/Precisionaire Corporation’s loan is expected to be fully forgiven in 2022 and Hudson Valley Creamery’s loan is expected to be fully forgiven in 2026.

Grant money received from CDBG-NYS of \$45,000 was recorded as deferred revenue as of December 31, 2021 due to the CDBG grant including conditions that the grantee must meet the employment goals in order for the grant revenue to be earned by the Corporation. Should the employment goals not be met, the Corporation would either have to repay the CDBG grant or request permission to re-grant the funds to another eligible participant.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Programs of the Corporation (Continued)

CDBG Small Cities

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

267ED424-02 Grant

The 267ED424-02 grant offered assistance to local businesses by offering low interest business loans. The Corporation receives interest and principal payments on a monthly basis. At December 31, 2021, the loan balance outstanding was \$19,059.

Microbusiness Program

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

SBA-Microloan Program

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

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

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

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

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

Prior Year Amounts

Amounts shown for December 31, 2020, in the accompanying statements are included to provide a basis for comparison with December 31, 2021 and present summarized totals only. Accordingly, the December 31, 2020 amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

Budgetary Data

The budget policies are as follows:

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

Income Taxes

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

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

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

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

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

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

Revenue Recognition

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

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

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

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

Columbia County Appropriation

For the year ended December 31, 2021, Columbia County appropriated \$368,000 for unrestricted use by the Corporation. The Corporation recognizes appropriated income in the period appropriated.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Certificates of Deposit

The Corporation records certificate of deposits at amortized cost.

Property and Equipment

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

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

Loans and Allowance for Loan Losses

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

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

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

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

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and Allowance for Loan Losses (Continued)

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

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Corporation to concentrations of credit and market risk consist primarily of cash and cash equivalents, certificates of deposit and loans receivable. Cash and cash equivalents and certificates of deposit are maintained at Federal Deposit Insurance Corporation insured financial institutions and credit exposure is limited to any one institution. As of December 31, 2021, the Corporation was in excess of the FDIC limits of approximately \$1,003,400, which is not collateralized.

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

The Corporation received \$408,000 from the County of Columbia representing 47% of its total revenue for the year ended December 31, 2021.

Investment Policy

The Corporation has an investment policy that includes authorized investments of the following types: special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State of New York and money market/savings accounts.

Interest Income on Loans

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

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

In March 2020, the World Health Organization declared COVID-19 a pandemic.

In May 2020, the Corporation applied for and received a loan in the amount of \$68,700 from its bank through the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). This loan allowed the Corporation to retain a full workforce to date. In February 2021, the loan, including principal and interest, was forgiven and considered repaid in full. The balance forgiven is included as forgiveness of paycheck protection program loans in the statement of activities for the year ended December 31, 2021.

In February 2021, the Corporation applied for and received a second PPP loan in the amount of \$64,114. In December 2021, this loan was forgiven in full by the SBA and is included as forgiveness of paycheck protection program loans on the statement of activities for the year ended December 31, 2021.

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

As the pandemic continues to endure, the disease could have an adverse material effect on the Corporation's activities, results of operations, financial condition and cash flow.

Subsequent Events

Subsequent events have been evaluated through March 30, 2022, which is the date the financial statements were available to be issued.

In March of 2022, the Corporation borrowed an additional \$300,000 from an additional SBA loan award (draw nine).

NOTE 3 – CERTIFICATE OF DEPOSIT

The Corporation has a certificate of deposit (CD) at Berkshire Bank. The CD is for a 6-month term scheduled to mature in April 2022 with an interest rate of 0.25% and a balance of \$153,955 as of December 31, 2021.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 4 – LOANS RECEIVABLE

During the year ended December 31, 2021, the Corporation loaned \$580,400 to 25 local businesses and increased its allowance for loan losses by \$50,000 based on its expected future loan losses calculation.

A summary of loan activity is as follows:

	Balance at January 1, 2021	New Loans	Payments	(Write-offs) and Recoveries	Balance at December 31, 2021	Current Portion
Loan Fund	\$ 1,134,507	\$ 280,000	\$ 174,614	\$ (4,492)	\$ 1,235,401	\$ 344,719
CDBG Small Cities	27,052	-	7,993	-	19,059	10,126
SBA Microloan	600,469	300,400	209,907	900	691,862	172,425
	<u>1,762,028</u>	<u>\$ 580,400</u>	<u>\$ 392,514</u>	<u>\$ (3,592)</u>	1,946,322	<u>\$ 527,270</u>
Less: Allowance for loan losses	<u>(231,826)</u>				<u>(278,233)</u>	
Total Loans	<u>\$ 1,530,202</u>				<u>\$ 1,668,089</u>	

NOTE 5 – FURNITURE AND EQUIPMENT

A summary of changes in furniture and equipment is as follows as of December 31, 2021:

	Balance at January 1, 2021	Additions	Disposals	Balance at December 31, 2021
Furniture and equipment	\$ 40,367	\$ 3,693	\$ -	\$ 44,060
Accumulated depreciation	(26,027)	(5,293)	-	(31,320)
Total Furniture and Equipment	<u>\$ 14,340</u>	<u>\$ (1,600)</u>	<u>\$ -</u>	<u>\$ 12,740</u>

Depreciation expense was \$5,293 for the year ended December 31, 2021.

NOTE 6 – LOAN PAYABLE – EIDL

In July 2020, the Corporation applied for and received a loan in the amount of \$100,000 from the SBA's Emergency Injury Disaster Loan (EIDL) Program. Interest accrues on the EIDL loan at a fixed rate of 2.75% per annum. Originally the loan allowed a 12-month deferral period of all principal payments due on the EIDL loan, with interest accruing on the principal balance during this 12-month deferral period. In March 2021, the SBA extended the deferral period another 12 months.

Beginning August 2022, the Corporation will begin to make 326 monthly payments of \$451, with the first payments received by the SBA going first towards the accrued interest to date until the accrued interest is paid off in full. Once the accrued interest is paid in full, these monthly payments will then go towards principal and interest.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 6 – LOAN PAYABLE – EIDL (Continued)

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

Maturities of the loan payable are as follows:

2022	\$	-
2023		1,083
2024		2,642
2025		2,715
2026		2,791
Thereafter		90,769
	\$	<u>100,000</u>

NOTE 7 – RESTRICTED NET POSITION

Restricted net position at December 31, 2021, consists of the following:

Commerce Park water tower	\$	71,817
County directed		48,889
Columbia County Student Connects Program		23,000
Masten Park		15,000
SBA microloan program		309,178
Total Restricted Net Position	\$	<u>467,884</u>

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

The SBA microloan program restricted net position balance above represents the balance of the Corporation's SBA microloan program that has been borrowed from the SBA but has not been lent to qualified businesses as of December 31, 2021.

The "Columbia County Student Connects Program" balance of \$23,000 and "Masten Park" balance of \$15,000 represents grant funds received and restricted for specific purposes.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 8 – SBA MICROLOAN PROGRAM

Since 2003, the Corporation has taken steps toward acquiring the Hudson Development Corporation's SBA loan portfolio by establishing a small business loan program. The Corporation acquired the SBA loan program in 2008. Total loans outstanding, net of an allowance under this program of \$102,182, totaled \$589,680 at December 31, 2021.

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

Balance at January 1, 2021	Drawdowns	Payments	Balance at December 31, 2021
\$ 597,077	\$ 300,000	\$ 132,564	\$ 764,513

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

December 31,	Balance
2022	\$ 140,833
2023	122,893
2024	97,778
2025	97,778
2026	85,555
Thereafter	219,675
Total	\$ 764,513

Each drawdown has repayments of principal and interest, with each drawdown having a separate interest rate based on the agreement—0.75% (Draw Five), 1.25% (Draw Six), 1.75% (Draw Seven), and 0.25% (Draw Eight) per annum.

During the year ended December 31, 2021, the Corporation borrowed \$300,000 from an additional SBA drawdown (Draw Eight).

NOTE 9 – COMMERCE PARK LAND

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

CEDC recognizes a receivable for the sales price due from the buyer and a liability to the County for the same amount. The CCIDA plays an administrative role in the transfer of the land and receives a stipend from the first payment made. The CEDC retains the interest portion earned on land sale receivables as payment for servicing the loans and the remaining principal portion is forwarded to the County.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 9 – COMMERCE PARK LAND (Continued)

In 2008 and only for 2008, the CEDC retained the principal and interest payments, as agreed upon with the County, to assist the County with the possible future construction of a water tower in Commerce Park. The principal forgiven during 2008 was recognized as revenue.

In June 2016, the Corporation sold land in the Commerce Park to a local individual for \$50,000, with \$4,500 being paid to the Corporation as a deposit in 2015. The Corporation received a \$45,500 five-year note at 4.5% per annum with payments commencing on June 8, 2017. The note provided for an annual payment of \$10,365 of principal and interest, with a final payment due to the Corporation on June 8, 2021. During the year ended December 31, 2020, the Corporation approved a deferral of loan payments extending the maturity date to June 8, 2022. The principal portion, \$48,889, of the note, net of legal fees of \$1,111, normally remitted to the County was recognized as revenue during the year ended December 31, 2016. The County asked CEDC to retain the principal portion as restricted net position to be used as directed by the County in the future.

NOTE 10 – PENSION PLAN

The Corporation has a salary reduction simplified employee pension plan (SARSEP). The Corporation pays 5% of eligible employee gross wages each year. For the year ended December 31, 2021, the Corporation recorded \$8,330 in pension expense.

NOTE 11 – UNEARNED REVENUE

As of December 31, 2021, unearned revenue (note 1) is comprised of:

CDBG Small Cities:	
Angello's Distributing, Inc.	\$ 19,059
Hudson Valley Creamery	45,000
Total unearned revenue	<u>\$ 64,059</u>

NOTE 12 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2021, the Corporation received \$24,000 in administrative fees from Columbia County Industrial Development Agency (CCIDA). During 2021, the Corporation paid \$3,774 to Columbia County Capital Resource Corporation (CCRC) in the form of a grant. As of December 31, 2021, \$12,000 was due from CCIDA.

During the year ended December 31, 2021, the Corporation entered into an agreement with Columbia County related to broadband access. During the year ended December 31, 2021, \$40,000 was recognized and included as "grant revenue" on the statement of revenues, expenses and changes in net assets. As of December 31, 2021, \$40,000 is included in "accounts receivable" on the statement of net position.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 13 – RENT EXPENSE

The Corporation rents office space under the terms of a lease which commenced September 1, 2019 and terminates August 31, 2024. The lease includes an option to renew for an additional five-year term. The lease calls for monthly payments ranging from \$3,200 to \$3,532 over the term of the lease. During the year ended December 31, 2021, the Corporation paid \$39,688 of rent expense. Future minimum lease commitments are as follows:

2022	\$	40,680
2023		41,696
2024		28,256
	\$	<u>110,632</u>

NOTE 14 – FISCAL AGENT ARRANGEMENTS

During the year ended December 31, 2021, the Corporation acted as a fiscal agent for one organization, the Hudson Business Coalition Hudson Bond Program. As of December 31, 2021, the Corporation held \$14,670 of cash shown as "Restricted cash – fiscal agency" on the statement of net position. As of December 31, 2021, \$14,670 is presented as a liability shown as "Due to fiscal agency" on the statement of net position. The Corporation did not earn any administrative fees during the year ended December 31, 2021. As an agent, the Corporation does not record any revenues or expenses received/paid on behalf of the entity.

**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**

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Board of
Columbia Economic Development Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Columbia Economic Development Corporation as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Columbia Economic Development Corporation's basic financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbia Economic Development Corporation's internal control over financial reporting (internal control) as a basis for designing 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 Columbia Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Economic Development 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbia Economic Development 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*.

Columbia Economic Development Corporation's Response to Findings

Columbia Economic Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Columbia Economic Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Hudson, New York
March 30, 2022

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2021

FINDING 2021-001

Significant Deficiency in Internal Control over Financial Reporting – Community Development Block Grant (CDBG)

Criteria:

The Corporation is responsible for ensuring its financial statements are recorded in accordance with Generally Accepted Accounting Principles (GAAP).

Condition:

The Corporation entered into an agreement with Columbia County to administer a Community Development Block Grant (CDBG) to a local business, however, the Corporation failed to properly record the grant transactions within its general ledger based on the underlying contracts. The grant is in the form of a forgivable loan which is forgivable after five years if certain conditions are met. A loan receivable asset and liability to County for CDBG grant receivable should have been recorded.

Cause:

Management's review procedures in this instance were not sufficient to ensure that this transaction was recorded completely and accurately.

Effect or Potential Effect:

The Corporation's financial statements could be understated and not in conformity with GAAP.

Recommendation:

Management should implement a review procedure for CDBG grants that ensures all activity is recorded accurately prior to the start of the audit.

Responsible Official's Response:

In the future, the Corporation will be more conscious of contacting the auditor for guidance when a new program is initiated.

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March 30, 2022

To the Board of Directors of
Columbia Economic Development Corporation:

We have audited the financial statements of Columbia Economic Development Corporation as of and for the year ended December 31, 2021, and have issued our report thereon dated March 30, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 20, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Columbia Economic Development Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding a significant control deficiency over financial reporting and non-compliance with the completeness and accuracy of the Corporation's schedule of federal awards noted during our audit in separate reports to you dated March 30, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate have complied with all relevant ethical requirements regarding independence. We have applied a safeguard which included a quality control partner review to the independence threat of our preparation of the Organization's financial statements and preparation of the Organization's annual tax return.

Significant Risks Identified

We have identified the following significant risks:

- Revenue recognition
- Management override

As a result of our audit procedures, we did not identify any control deficiencies related to the identified significant risks above except for the accounting for a certain CDBG grant that originally was netted but should have been grossed up even though it was a pass-through type award.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Columbia Economic Development Corporation is included in Note 2 to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is the allowance for loan losses.

Management's estimate of the allowance for loan losses is based on a review of outstanding loans receivable on an individual loan basis. Management performs a risk assessment of each loan considering collateral, payment history, delinquency status, and other matters indicating the borrower's ability to pay. We evaluated the key factors and assumptions used to develop the

allowance for loan losses and determined that the estimate is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Columbia Economic Development Corporation's financial statements related to the allowance for loan losses, revenue recognition, and loans.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole:

- Increase in miscellaneous expense and accounts payable of \$2,666 to record charges on the Corporation's credit card in December 2021 not recorded until 2022.
- Decrease the allowance for loan loss and bad debt expense by \$42,655, to adjust for allowance for loan loss calculation.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We proposed the following significant adjustment as a result of our audit:

- Increase deferred revenue and loans receivable by \$45,000

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Columbia Economic Development Corporation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated March 30, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Columbia Economic Development Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Columbia Economic Development Corporation's auditors.

This report is intended solely for the information and use of the board of directors and management of Columbia Economic Development Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

UHY LLP