

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, 2024
(with memorandum totals as of and for the year ended December 31, 2023)

**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), as of and for the year ended December 31, 2024, 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, 2024 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* (GAS), 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

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 twelve months beyond the financial statement date including any currently known information that may raise substantial doubt shortly thereafter.

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 and GAS 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 GAS, 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 27, 2025 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 the effectiveness of 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

UHY LLP

Hudson, New York
March 27, 2025

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2024

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, 2024. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements for the year ended December 31, 2024.

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, 2024, the Corporation was able to assist Columbia County businesses through its Small Business and Small Business Administration (SBA) Micro Loan programs, as well as with Columbia Forward Grants and Technical Assistance. In addition, CEDC provided support and assistance to a large number of businesses looking to locate or expand in Columbia County.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2024

3. Financial Highlights (Continued):

Net position increased \$33,120 during the year ended December 31, 2024. Operating revenues increased by about 51% due primarily to an increase in grant revenue from Columbia County. Non-operating activity in 2024 (excluding appropriations) resulted in a gain of \$31,593. Operating expenses increased by about 29% due primarily to an increase in grant expenses.

Total assets increased by \$591,244 or 12.25% and total liabilities increased \$583,518 or 29.70% for the year ended December 31, 2024. Cash and cash equivalents was \$1,130,418 at December 31, 2024, an increase of \$396,778 from December 31, 2023, primarily due to the proceeds from the maturity of a certificate of deposit. Total loans increased by \$265,294 to \$2,838,139 presented net of an allowance for loan loss of \$300,706 at December 31, 2024.

4. Financial Statement Analysis:

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

	<u>2024</u>	<u>2023</u>
Assets		
Capital and right-of-use assets	\$ 631,368	\$ 449,520
Current assets	1,870,773	1,790,165
Long-term assets	2,914,356	2,585,568
Total assets	<u>\$ 5,416,497</u>	<u>\$ 4,825,253</u>
Current liabilities	\$ 290,690	\$ 239,395
Long-term liabilities	2,257,752	1,725,529
Deferred inflow of resources	84,415	109,809
Net position		
Unrestricted	2,057,127	2,108,674
Capital	1,801	(5,718)
Restricted	724,712	647,564
Total liabilities, deferred inflows, and net position	<u>\$ 5,416,497</u>	<u>\$ 4,825,253</u>

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2024

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>2024</u>	<u>2023</u>
Operating revenues		
Administrative fees	\$ 25,000	\$ 40,000
Interest on loans	120,431	85,886
Grant revenues	852,737	525,130
Membership fees	31,187	30,086
Total operating revenues	<u>1,029,355</u>	<u>681,102</u>
Non-operating revenues		
Columbia County appropriation	460,000	460,000
Interest earnings	36,980	40,300
Gain on lease modification	18,195	-
Total non-operating revenues	<u>515,175</u>	<u>500,300</u>
Total revenues	<u>1,544,530</u>	<u>1,181,402</u>
Operating expenses		
Personnel and benefits	540,245	565,163
Professional fees	55,662	53,332
Grants	403,038	80,150
Office	106,366	104,118
Consulting	160,699	150,999
Marketing	11,039	27,322
New initiatives	84,474	31,239
Amortization on right-of-use asset	37,975	36,598
Bad debt reserve	16,710	25,000
Other operating expenses	71,620	76,542
Total operating expenses	<u>1,487,828</u>	<u>1,150,463</u>
Nonoperating expenses		
Interest	23,582	14,935
Total nonoperating expenses	<u>23,582</u>	<u>14,935</u>
Total expenses	<u>1,511,410</u>	<u>1,165,398</u>
Total revenues in excess of expenses	33,120	16,004
Net position at the beginning of the year	<u>2,750,520</u>	<u>2,734,516</u>
Net position at the end of the year	<u>\$ 2,783,640</u>	<u>\$ 2,750,520</u>

The 2024 budget included revenue of \$1,137,500 and expenses of \$1,137,500 with no projected gain or loss. Total revenues and expenses were 36% and 33% higher than the budget, respectively, which primarily comes from increases in grant income and expenses.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2024

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, 2024
(with memorandum only totals at December 31, 2023)

	2024	2023 (memorandum only)
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,130,418	\$ 733,640
Certificate of deposit	-	410,802
Accounts receivable	8,970	65,633
Account receivable - IDA	25,000	12,500
SBA technical assistance grant receivable	128,838	69,491
Loans receivable, current portion	577,547	498,099
Total current assets	<u>1,870,773</u>	<u>1,790,165</u>
CAPITAL AND RIGHT-OF-USE ASSETS, NET		
Land	232,900	232,900
Furniture and equipment, net of \$45,663 of accumulated depreciation	4,760	9,229
Right of use asset, net of accumulated amortization of \$13,576	393,708	207,391
Total capital assets, net	<u>631,368</u>	<u>449,520</u>
OTHER ASSETS		
Restricted cash	650,564	507,622
Security deposit	3,200	3,200
Loans receivable, less current portion, net of allowance of \$300,706	2,260,592	2,074,746
Total other assets	<u>2,914,356</u>	<u>2,585,568</u>
Total assets	<u>\$ 5,416,497</u>	<u>\$ 4,825,253</u>
CURRENT LIABILITIES		
Accounts payable	\$ 4,934	\$ 26,704
Accrued expenses	16,798	16,575
Loan payable - EIDL, current portion	19,499	18,971
Loans payable - SBA microloan program, current portion	220,423	144,797
Lease liability, current portion	29,036	32,348
Total current liabilities	<u>290,690</u>	<u>239,395</u>
NON-CURRENT LIABILITIES		
Loan payable-EIDL, long-term portion	43,859	63,349
Loans payable-SBA microloan program, long-term portion	1,236,366	997,494
Lease liability, long-term portion	367,631	189,990
Unearned revenue	609,896	474,696
Total non-current liabilities	<u>2,257,752</u>	<u>1,725,529</u>
Total liabilities	<u>2,548,442</u>	<u>1,964,924</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred grant income	67,500	98,587
Deferred membership income	16,915	11,222
Total deferred inflows of resources	<u>84,415</u>	<u>109,809</u>
NET POSITION		
Unrestricted	2,057,127	2,108,674
Invested in capital assets	1,801	(5,718)
Restricted		
Columbia County Student Connects Program	-	8,000
County restricted land	232,900	232,900
SBA microloan program	491,812	406,664
Total net position	<u>2,783,640</u>	<u>2,750,520</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,416,497</u>	<u>\$ 4,825,253</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, 2024
(with memorandum only totals for the year ended December 31, 2023)

	2024	2023 (memorandum only)
OPERATING REVENUE		
Administrative fees - Columbia County IDA	\$ 12,500	\$ 12,500
Administrative fees - Hudson IDA	12,500	27,500
Grant revenue	274,525	274,980
Grant revenue - Columbia County	578,212	250,150
Interest on loans	120,431	85,886
Membership fees	31,187	30,086
Total operating revenue	<u>1,029,355</u>	<u>681,102</u>
OPERATING EXPENSES		
Personnel and benefits	540,245	565,163
Grants	403,038	80,150
Office	106,366	104,118
Program delivery fees	50,831	55,998
Professional fees	55,662	53,332
Consulting	160,699	150,999
Meetings and events	9,980	6,737
Insurance	3,827	3,798
Marketing	11,039	27,322
New initiatives	84,474	31,239
Depreciation	4,469	5,339
Amortization on right-of-use asset	37,975	36,598
Bad debt reserve	16,710	25,000
Miscellaneous	2,513	4,670
Total operating expenses	<u>1,487,828</u>	<u>1,150,463</u>
OPERATING LOSS	<u>(458,473)</u>	<u>(469,361)</u>
NON-OPERATING REVENUE (EXPENSES)		
Bank interest	36,980	40,300
Gain on lease modification	18,195	-
Interest expense and fees	(23,582)	(14,935)
Total Non-Operating Revenue (Expenses)	<u>31,593</u>	<u>25,365</u>
Appropriation from the County of Columbia, NY	<u>460,000</u>	<u>460,000</u>
CHANGE IN NET POSITION	33,120	16,004
NET POSITION, Beginning of year	<u>2,750,520</u>	<u>2,734,516</u>
NET POSITION, End of year	<u>\$ 2,783,640</u>	<u>\$ 2,750,520</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, 2024
(with memorandum only totals for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u> (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Administrative fees - Columbia County IDA	\$ -	\$ 6,000
Administrative fees - Hudson IDA	12,500	27,500
Principal disbursed on loans receivable	(925,525)	(1,340,594)
Principal received on loans receivable	643,521	530,560
Membership contributions	36,880	22,796
Grant revenue	954,166	795,577
Interest on loans	120,431	85,886
Payments to employees	(540,245)	(565,163)
Payments to vendors	(909,976)	(530,675)
Net cash used for operating activities	<u>(608,248)</u>	<u>(968,113)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Appropriation from the County of Columbia, NY	460,000	460,000
Payments on SBA microloan program	(185,502)	(159,475)
Proceeds from SBA microloan program	500,000	275,000
Payments on EIDL loan	(18,962)	(17,680)
Net cash provided by noncapital financing activities	<u>755,536</u>	<u>557,845</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Principal paid on leases	(31,768)	(29,761)
Interest paid	(23,582)	(14,935)
Net cash used for capital financing activities	<u>(55,350)</u>	<u>(44,696)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds (purchase) of certificate of deposit	410,802	(410,802)
Interest received	36,980	40,300
Net cash provided by (used for) investing activities	<u>447,782</u>	<u>(370,502)</u>

See notes to financial statements.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended December 31, 2024
(with memorandum only totals for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u> <u>(memorandum only)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 539,720	\$ (825,466)
CASH AND CASH EQUIVALENTS, Beginning of year	1,241,262	2,066,728
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,780,982</u>	<u>\$ 1,241,262</u>
 RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 1,130,418	\$ 733,640
Restricted cash	650,564	507,622
	<u>\$ 1,780,982</u>	<u>\$ 1,241,262</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$ (458,473)	\$ (469,361)
Bad debt reserve	16,710	25,000
Amortization on right-of-use asset	37,975	36,598
Depreciation expense	4,469	5,339
Changes in assets, liabilities, and deferred inflows:		
Loans receivable	(282,004)	(810,034)
SBA technical assistance grant receivable	(59,347)	(10,267)
Accounts receivable	56,663	(3,231)
Account receivable - IDA	(12,500)	(6,500)
Accounts payable	(21,770)	(6,842)
Unearned revenue	135,200	269,095
Accrued expenses	223	(5,470)
Deferred grant income	(31,087)	14,850
Deferred membership income	5,693	(7,290)
	<u>\$ (608,248)</u>	<u>\$ (968,113)</u>
Net cash used for operating activities		

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the County of Columbia, New York)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

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 Corporation also derives revenue from interest on loans receivable and various state and local grants.

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 the Community Development Block Grant Program (CDBG) through New York State (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, 2024, the Corporation's loans receivables include \$609,896 of these loan types comprised of:

	Original Loan Balance	Loan Balance at December 31, 2024	Expected Forgiveness Date
Return Brewery (CDBG)	\$ 41,696	\$ 41,696	2028
Klein's Kill Fruit Farm (CDBG)	238,000	238,000	2028
Klocke Estates (CDBG)	285,200	285,200	2027
Hudson Valley Creamery (CDBG)	45,000	45,000	2026
Total CDBG loans receivable	<u>\$ 609,896</u>	<u>\$ 609,896</u>	

During the year ended December 31, 2024, grant money received from CDBG-NYS of \$135,200 increased unearned revenue due to the CDBG grant due to conditions that the grantee must meet the employment goals in order for the grant revenue to be earned by the Corporation (see Note 11). The \$135,200 in grant money was distributed in 2024 and is therefore reflected in the original loan balance in the table above. Total unearned revenue as of December 31, 2024, was \$609,896. If the job requirements are not met by the grantee, they are obligated to repay the grant received. 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, 2024

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Programs of the Corporation (Continued)

CDBG

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.

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% interest over the Corporation's cost of funds on a microloan of more than \$10,000 and up to 8.5% interest 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, 2024

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

The financial statements do not include prior year comparative disclosures. Accordingly, the prior year 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. Such information should be read in conjunction with the Organization’s prior year financial statements from which the summarized information was derived.

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
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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 when all applicable eligibility requirements have been met, the revenue is 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. Payments are generally received from related parties on a quarterly basis. Grant revenue is recognized on cost reimbursable contracts in the period the allowable costs are incurred. Advances on grants prior to costs being incurred in accordance with the terms of the grant agreement are deferred until the allowable 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, 2024, Columbia County appropriated \$460,000 for unrestricted use by the Corporation. The Corporation recognizes appropriated income in the period appropriated.

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NOTES TO THE FINANCIAL STATEMENTS
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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.

Capital Assets

Capital assets are recorded 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:

Land	Not applicable
Computer/Software	3 – 5 years
Furniture and Equipment	5 – 10 years

Right-of-Use Lease Assets

The Corporation's right of use assets are reported within the major class of the underlying asset and initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or before the commencement of the lease term, less any lease incentives, plus ancillary charges necessary to place the lease asset into service. The right-of-use lease assets are amortized on a straight-line basis over the life of the related lease.

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.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and Allowance for Loan Losses (Continued)

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

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

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Corporation to concentrations of credit and market risk consist primarily of cash and cash equivalents, certificates of deposit and loans receivable. Cash and cash equivalents and certificates of deposit are maintained at Federal Deposit Insurance Corporation insured financial institutions and credit exposure is limited to any one institution. As of December 31, 2024, the Corporation was in excess of the FDIC limits of approximately \$1,034,800, 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 \$1,038,212 from the County of Columbia representing 66% of its total revenue for the year ended December 31, 2024.

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.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

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”). In February 2021, the loan, including principal and interest, was fully forgiven, and considered repaid in full. In February 2021, the Corporation applied for and received a second PPP loan in the amount of \$64,114. In December 2021, the loan, including principal and interest was fully forgiven and considered repaid in full.

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.

Subsequent Events

Subsequent events have been evaluated through March 27, 2025, which is the date the financial statements were available to be issued.

NOTE 3 – LOANS RECEIVABLE

During the year ended December 31, 2024, the Corporation loaned \$925,525 to 40 local businesses.

A summary of loan activity is as follows:

	Balance at January 1, 2024	New Loans	Payments	(Write-offs), Reclasses, and Recoveries	Balance at December 31, 2024	Current Portion
Loan Fund	\$ 1,322,431	\$ 244,325	\$ 339,135	\$ (11,468)	\$ 1,216,153	\$ 267,403
CDBG	474,696	135,200	-	-	609,896	-
SBA Microloan	1,071,182	546,000	304,386	-	1,312,796	310,144
	<u>2,868,309</u>	<u>\$ 925,525</u>	<u>\$ 643,521</u>	<u>\$ (11,468)</u>	3,138,845	<u>\$ 577,547</u>
Less: Allowance for loan losses	<u>(295,464)</u>				<u>(300,706)</u>	
Total Loans	<u>\$ 2,572,845</u>				<u>\$ 2,838,139</u>	

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NOTE 4 – CAPITAL AND RIGHT-OF-USE ASSETS

A summary of changes in capital assets is as follows:

	Balance at January 1, 2024	Additions	Disposals	Balance at December 31, 2024
Land	\$ 232,900	\$ -	\$ -	\$ 232,900
Furniture and equipment	50,423	-	-	50,423
Accumulated depreciation	(41,194)	(4,469)	-	(45,663)
Total capital assets	<u>\$ 242,129</u>	<u>\$ (4,469)</u>	<u>\$ -</u>	<u>\$ 237,660</u>

Depreciation expense was \$4,469 for the year ended December 31, 2024.

A summary of changes in right-of-use lease assets is as follows:

	Balance as of January 1, 2024	Additions	Subtractions	Modifications and Remeasurements	Balance at December 31, 2024
Right-of-use lease asset - building	\$ 280,587	\$ -	\$ -	\$ 126,697	\$ 407,284
Accumulated amortization	(73,196)	(13,576)	-	73,196	(13,576)
Total right-of-use lease asset, net	<u>\$ 207,391</u>	<u>\$ (13,576)</u>	<u>\$ -</u>	<u>\$ 199,893</u>	<u>\$ 393,708</u>

NOTE 5 – 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. The loan had a deferral period of 30 months.

Beginning January 2023, the loan agreement requires the Corporation to make 330 monthly payments of \$463, with the first payments received by the SBA going first towards the accrued interest to date until the accrued interest is paid off in full. Once the accrued interest is paid in full, these monthly payments will then go towards principal and interest. The Corporation's board of directors approved a plan to expediate full repayment of the loan over five years beginning January 2023. Payments of \$1,750 were made beginning January 2023 and will continue to be made for the remaining four years that it will take to repay the loan based on this monthly payment amount. Full repayment should be completed in January 2028.

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 based on the board approved repayment plan:

2025	\$ 19,499
2026	20,042
2027	20,601
2028	3,216
Total EIDL Payable	<u>\$ 63,358</u>

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NOTE 6 – SBA MICROLOAN PROGRAM

The Corporation has a small business loan program funded through the SBA. Total loans outstanding, net of an allowance under this program of \$112,578, totaled \$1,200,218 at December 31, 2024.

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, 2024	Drawdowns	Payments	Balance at December 31, 2024
\$ 1,142,291	\$ 500,000	\$ 185,502	\$ 1,456,789

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 Six, Draw Seven, Draw Eight, Draw Nine, and Draw Ten:

December 31,	Balance
2025	\$ 220,423
2026	210,282
2027	187,977
2028	190,175
2029	179,882
Thereafter	468,050
Total	\$ 1,456,789

Draw Ten has an interest rate of 2.75% per annum and repayments of principal and interest are made over the life of the loan. The other drawdowns are zero interest and repayments are applied entirely to principal.

NOTE 7 – RESTRICTED NET POSITION

Restricted net position at December 31, 2024, consists of the following:

SBA microloan program	\$ 491,812
Land	232,900
Total Restricted Net Position	\$ 724,712

In 2008, the Corporation did not remit the principal back to Columbia County, New York for Commerce Park loans. The principal was to be retained by the Corporation to aide in the construction of the water tower within Commerce Park. Refer to Note 8 for more information on the Commerce Park water tower restrictions and on the County directed restricted net position balance which were released during 2022 to purchase a piece of land. The land purchased is now restricted by the County.

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NOTE 7 – RESTRICTED NET POSITION (Continued)

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, 2024.

NOTE 8 – 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 Industrial Development Agency (CCIDA). 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. CEDC retains the interest portion earned on land sale receivables as payment for servicing the loans and the remaining principal portion is forwarded to the County.

In 2008 and only for 2008, the CEDC retained the principal and interest payments, as agreed upon with the County, to assist the County with the possible future construction of a water tower in Commerce Park. The principal retained 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. During the year ended December 31, 2022, the loan was repaid in full. 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.

During the year ended December 31, 2022, Lot 8 in Commerce Park was sold by CCIDA. The sale resulted in net proceeds of \$88,400 which the County then granted to CEDC. In December 2022, the County requested CEDC purchase property located on Route 9H in the Town of Ghent. The County approved the use of the "county directed" and "commerce part water tower" restricted funds which totaled \$120,706 plus the net proceeds of \$88,400 from the sale of Lot 8 by IDA be used to finance the property purchase. The property was purchased by CEDC for \$232,990.

CEDC at the County's direction plans to hold the land for future County facility development. If the County decides not to build on the land, CEDC would market the property to a third-party. The County has directed the land be restricted until it determines what it will be used for in the future.

NOTE 9 – 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, 2024, the Corporation recorded \$23,073 in pension expense.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
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NOTE 10 – UNEARNED REVENUE

As of December 31, 2024, unearned revenue (note 1) is comprised of:

Return Brewery	\$ 41,696
Klein's Kill Fruit Farm	238,000
Klocke Estates	285,200
Hudson Valley Creamery	45,000
Total unearned revenue	<u>\$ 609,896</u>

NOTE 11 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2024, the Corporation recognized \$12,500 in administrative fees from CCIDA. During 2024, the Corporation paid \$5,000 to Columbia County Capital Resource Corporation (CCCRC) in the form of a grant. As of December 31, 2024, \$25,000 was due from CCIDA.

During the year ended December 31, 2022, the Corporation entered into an agreement with Columbia County to administer an initiative referred to as "Columbia Forward." The purpose of this initiative is to assist small businesses throughout Columbia County and was funded by The American Rescue Plan (ARP) grant money from Columbia County. The contract with Columbia County calls for the Corporation to receive \$200,000 in year one and \$150,000 in years two and three, subject to annual review and approval. \$50,000 of the year one payment is to be used to provide grants to the Corporation's loan clients during the three-year period. The program is being administered through partnership with the Columbia County Chamber of Commerce (the "Chamber"). The Corporation will share with the Chamber, \$65,000 per year for the three-year contract. During the year ended December 31, 2024, the Corporation paid \$81,250 to the Chamber, \$65,000 of which is recorded as a grant expense on the statement of revenues, expenses and changes in net position, while \$16,250 was the payment of a prior year payable. During the year ended December 31, 2024, the Corporation recognized revenue of \$150,000 and has recorded \$65,000 as deferred inflow of resources as of December 31, 2024 related to this contract.

During the year ended December 31, 2023, the Corporation entered into an agreement with Columbia County to administer an initiative referred to as "Affordable Housing." The purpose of this initiative is to provide the resources for the Corporation to organize and coordinate the activities of the County Housing Task Force and assist in furthering affordable housing plans and initiatives across Columbia County. The initiative was funded by The American Rescue Plan (ARP) grant money from Columbia County. The contract with Columbia County calls for the Corporation to receive and recognize \$90,000 of revenue in years one and two and \$70,000 of revenue in year three, subject to annual review and approval. During the year ended December 31, 2024, \$90,000 was recognized as revenue and \$25,000 was recorded as deferred grant income as of December 31, 2024 to be recognized in a future year.

COLUMBIA ECONOMIC DEVELOPMENT CORPORATION
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NOTE 12 – LEASE LIABILITY

The following is a summary of the Corporation's lease liability:

	<u>Balance at January 1, 2024</u>	<u>New Obligations</u>	<u>Current Payments</u>	<u>Balance at December 31, 2024</u>
Lease liability	\$ 222,338	\$ 206,097	\$ (31,768)	\$ 396,667
Less: current portion				<u>29,036</u>
Long-term portion				<u>\$ 367,631</u>

As of December 31, 2024, future maturities relating to the lease liability is as follows:

<u>Year Ending December 31,</u>	<u>Total Payments</u>	<u>Interest Portion</u>	<u>Principal Portion</u>
2025	\$ 43,804	\$ 14,768	\$ 29,036
2026	44,904	13,610	31,294
2027	46,028	12,364	33,664
2028	47,176	11,024	36,152
2029	48,512	9,586	38,926
Thereafter	<u>249,604</u>	<u>22,009</u>	<u>227,595</u>
Total	<u>\$ 480,028</u>	<u>\$ 83,361</u>	<u>\$ 396,667</u>

The Corporation rented office space under the terms of a lease which commenced September 1, 2019 and terminated August 31, 2024. During 2024, the Corporation entered into a new lease for the same space that commenced on September 1, 2024 and terminates on August 31, 2029. The lease includes an option to renew for an additional five-year term which has been included in the lease liability. Interest expense on the Corporation's lease liabilities was \$10,968 for the year ended December 31, 2024. The lease liability was measured at a rate of 3.85%.