

Cayuga County Chamber of Commerce, Inc.

Financial Report

December 31, 2020 and 2019

Cayuga County Chamber of Commerce, Inc.

Table of Contents

December 31, 2020 and 2019

	<u>Page</u>
Independent Accountant's Review Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



Buffington & Hoatland CPAs

A Professional Limited Liability Company

Independent Accountant's Review Report

To the Board of Trustees of
Cayuga County Chamber of Commerce, Inc.

We have reviewed the accompanying financial statements of Cayuga County Chamber of Commerce, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure from Accounting Principles Generally Accepted in the United States of America

The Organization has not presented consolidated financial statements for a related entity that in our opinion, should be presented to conform with accounting principles generally accepted in the United States of America. Management has informed us that they want to present separate statements. Management has not determined the effects of these departures from accounting principles generally accepted in the United States of America on financial position, results of operations and cash flows.

Buffington & Hoatland CPAs PLLC

Buffington & Hoatland CPAs, PLLC
Auburn, New York
March 3, 2021

Cayuga County Chamber of Commerce, Inc.

Statements of Financial Position

December 31, 2020 and 2019

(See Independent Accountant's Review Report)

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 62,431	\$ 36,647
Accounts receivable	132,508	162,195
Prepaid expenses	2,697	6,065
Prepaid administrative expenses	20,953	8,713
Total Current Assets	<u>218,589</u>	<u>213,620</u>
Property and Equipment		
Equipment	23,246	23,246
Website	5,000	5,000
Furniture and fixtures	16,890	16,890
	<u>45,136</u>	<u>45,136</u>
Accumulated depreciation	(42,137)	(41,137)
Total Property and Equipment, Net	<u>2,999</u>	<u>3,999</u>
Total Assets	<u><u>\$ 221,588</u></u>	<u><u>\$ 217,619</u></u>
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 479	\$ -
Accounts payable	1,424	20,881
Deferred revenue	150,550	164,473
Total Current Liabilities	<u>152,453</u>	<u>185,354</u>
Other Liabilities		
Long-term debt - exclusive of current portion	39,521	-
Security deposits	2,050	2,050
Total Other liabilities	<u>41,571</u>	<u>2,050</u>
Total Liabilities	<u>194,024</u>	<u>187,404</u>
Net Assets		
Net assets without donor restrictions	<u>27,564</u>	<u>30,215</u>
Total Liabilities and Net Assets	<u><u>\$ 221,588</u></u>	<u><u>\$ 217,619</u></u>

See notes to financial statements.

Cayuga County Chamber of Commerce, Inc.

Statements of Activities

Years Ended December 31, 2020 and 2019

(See Independent Accountant's Review Report)

	<u>2020</u>	<u>2019</u>
Support and Revenues		
Membership dues	\$ 162,882	\$ 154,061
Membership benefit programs	13,780	18,509
Leadership Cayuga program	10,300	23,675
Seminars and programs	3,076	30,503
Special events - net	10,612	5,933
Rental income	51,675	49,256
In-kind rental income	14,200	14,200
EIDL grant	6,000	-
Newsletter income	-	200
	<u>-</u>	<u>200</u>
Total Support and Revenue	<u>272,525</u>	<u>296,337</u>
Expenses		
Program	192,108	221,394
Management and general	72,303	62,401
Fundraising	10,765	11,998
	<u>275,176</u>	<u>295,793</u>
Total Expenses	<u>275,176</u>	<u>295,793</u>
Changes in Net Assets Without Restrictions	<u>\$ (2,651)</u>	<u>\$ 544</u>

See notes to financial statements.

Cayuga County Chamber of Commerce, Inc.

Statements of Changes in Net Assets

Years Ended December 31, 2020 and 2019

(See Independent Accountant's Review Report)

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restrictions - Beginning	\$ 30,215	\$ 29,671
Changes in net assets	<u>(2,651)</u>	<u>544</u>
Net Assets Without Donor Restrictions - Ending	<u>\$ 27,564</u>	<u>\$ 30,215</u>

See notes to financial statements.

Cayuga County Chamber of Commerce, Inc.

Statements of Functional Expenses

Years Ended December 31, 2020 and 2019

(See Independent Accountant's Review Report)

	2020			
	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Contractual services	\$ 141,102	\$ 37,627	\$ 9,407	\$ 188,136
Communications	350	117	-	467
Leadership Cayuga	1,808	-	-	1,808
Seminars and programs	8,140	-	-	8,140
Repairs and maintenance	11,804	3,935	-	15,739
Insurance	2,366	788	-	3,154
Office expense	4,156	1,122	-	5,278
Professional fees	-	7,853	-	7,853
Occupancy	20,381	5,435	1,358	27,174
Depreciation	750	250	-	1,000
Interest expense	-	530	-	530
Bad debt	-	14,229	-	14,229
Other expenses	1,251	417	-	1,668
	<u>\$ 192,108</u>	<u>\$ 72,303</u>	<u>\$ 10,765</u>	<u>\$ 275,176</u>

See notes to financial statements.

2019				
	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Contractual services	\$ 157,104	\$ 41,894	\$ 10,474	\$ 209,472
Communications	695	231	-	926
Leadership Cayuga	7,295	-	-	7,295
Seminars and programs	10,150	-	-	10,150
Repairs and maintenance	14,166	4,722	-	18,888
Insurance	2,070	690	-	2,760
Office expense	4,514	1,505	-	6,019
Professional fees	-	6,416	-	6,416
Occupancy	22,859	6,096	1,524	30,479
Depreciation	777	259	-	1,036
Interest expense	-	-	-	-
Bad debt	-	-	-	-
Other expenses	1,764	588	-	2,352
	<u>\$ 221,394</u>	<u>\$ 62,401</u>	<u>\$ 11,998</u>	<u>\$ 295,793</u>

See notes to financial statements.

Cayuga County Chamber of Commerce, Inc.

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

(See Independent Accountant's Review Report)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (2,651)	\$ 544
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	1,000	1,036
Bad debt	14,229	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	15,458	(31,072)
Prepaid expenses	(12,240)	(1,069)
Prepaid administrative expenses	3,368	(878)
Increase (decrease) in liabilities:		
Accounts payable	(19,457)	20,792
Deferred revenue	(13,923)	(114)
Net Cash Used in Operating Activities	<u>(14,216)</u>	<u>(10,761)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>-</u>	<u>(5,000)</u>
Cash Flows from Investing Activities		
Loan proceeds	<u>40,000</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,784	(15,761)
Cash and Cash Equivalents - Beginning	<u>36,647</u>	<u>52,408</u>
Cash and Cash Equivalents - Ending	<u>\$ 62,431</u>	<u>\$ 36,647</u>

See notes to financial statements.

Cayuga County Chamber of Commerce, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 1 - Nature of Operations

Cayuga County Chamber of Commerce, Inc. (The Organization) is a nonprofit corporation which provides progressive leadership and serves as an advocate for the business community, focusing on nurturing prosperity and enhancing the quality of life for their members and the residents of Cayuga County.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Cayuga County Chamber of Commerce, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Revenue Recognition

The Organization has multiple revenue streams that are recorded as follows:

The Organization recognizes revenues when control of the promised good or service is transferred to the customers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services.

Membership dues are annual contracts that are reported in amount that reflects consideration to which the Organization is entitled in exchange for providing membership to its members. Membership dues are non-refundable. Generally, the Organization bills members in December for the following year and membership begins on January 1. Revenue is recognized as performance obligations are satisfied, which is ratably over the annual membership term. Based on the level of the membership, dues may contain additional performance obligations that the member may utilize such as advertising, tickets to events and programs. These performance obligations expire at the end of the membership year, December 31, therefore, all dues revenue are recognized and no contract liability exists.

Revenues from programs, seminars, and special events at a point in time are when the performance obligation is met based upon the contract.

Revenue from rental operations is recognized monthly based upon the rental agreement.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC), *Presentation of Financial Statements of Not-for-Profit Organizations*. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cayuga County Chamber of Commerce, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of Accounting Policies (Continued)

Net Assets Without Donor Restrictions

Net assets without donor restrictions are assets of the Organization that do not have stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets donated with stipulations that they be used for a specified purpose, or preserved and not sold. It also includes support that is restricted to specific activities, periods of time, or purposes, and assets donated with stipulations that they be invested to provide a permanent source of income. The support may have both time and purpose restrictions imposed by a donor. A donor imposed restriction expires when the time stipulated in the restriction elapses, the purpose stipulated in the restriction has been fulfilled, or both. The expiration of a donor-imposed restriction is recognized by reporting a reclassification of net assets in the statement of activities in the period the restriction expires. If a donor imposed two or more restrictions that are temporary in nature on a contribution, the expiration of restrictions is recognized when the last remaining restriction has been met or has expired.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted or restricted, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at outstanding balances. The Organization considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for credit loss will be established, or the accounts will be charged against income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Cayuga County Chamber of Commerce, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of Accounting Policies (Continued)

Property and Equipment

All acquisitions of equipment in excess of \$1,000, and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Equipment is recorded at cost, and depreciated on the straight-line and accelerated methods over their useful lives. Depreciation expense was \$1,000 and \$1,036 for the years ended December 31, 2020 and 2019, respectively. The provisions are considered adequate for the recovery of the cost of the assets over their estimated lives.

	<u>Year</u>
Equipment	3 - 5
Website	5
Furniture and fixtures	5 - 7

Income Taxes

The Organization is classified as a not-for-profit organization under Section 501(c) 6 of the Internal Revenue Code. Therefore, it is exempt from federal and state income taxes.

The Financial Accounting Standards Board issued FASB Accounting Standards Codification (FASB ASC), *Accounting for Uncertainty in Income Taxes*. This requires the recognition and measurement of uncertain tax positions held by the Organization. Under generally accepted accounting principles, the amount reported would be based on probability assessments of the likelihood that certain deductions would be disallowed upon examination because the taxing authorities interpreted existing guidance differently. There were no uncertain tax positions for the years ended December 31, 2020 and 2019.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision. For the years ended December 31, 2020 and 2019 there was no accrued interest or accrued penalties associated with uncertain tax positions for the Organization.

Supplementary Disclosures - Statements of Cash Flow

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Organization did not pay any interest or income taxes for the years ended December 31, 2020 and 2019.

Cayuga County Chamber of Commerce, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 3 - Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and accounts receivable.

Cash

The Organization maintains cash balances at a financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of December 31, 2020. Periodically, the amounts on deposit exceed federally insured limits. At December 31, 2020 and 2019, the Organization's cash balances did not exceed the federally insured limits.

Accounts Receivable

In the normal course of business, the Organization extends credit to their customers. The Organization maintains allowances for potential credit losses, and such losses have been within Management's expectations.

Note 4 - Deferred Revenue

Deferred revenue at December 31 consisted of:

	<u>2020</u>	<u>2019</u>
Membership dues	<u>\$ 150,550</u>	<u>\$ 164,473</u>

Note 5 - Long-Term Debt

Long-term debt at December 31 is as follows:

The Organization has a loan payable with the Small Business Administration. The loan is payable in monthly installments of \$171 which includes both principal and interest starting July 8, 2021 through June 2051. The loan bears interest at a rate of 2.75% per annum. All general business assets are pledged as collateral.

Less: Current portion

	<u>2020</u>	<u>2019</u>
	\$40,000	\$ -
	479	-
	<u>\$39,521</u>	<u>\$ -</u>

Cayuga County Chamber of Commerce, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 5 - Long-Term Debt (Continued)

Aggregate future payments are required as follows:

Year ending December 31:

2021	\$ 479
2022	977
2023	1,005
2024	1,033
2025	1,061
Thereafter	<u>35,445</u>
	<u>\$40,000</u>

Note 6 - Operating Leases

The Organization rents office spaces to several different companies with terms from monthly renewals to a three year agreement, which expires December 31, 2021. The long-term lease calls for initial monthly payments of \$1,800 through December 31, 2020 and increasing to monthly payments of \$1,836 for the final year of the lease. All other operating leases are on monthly renewal schedule. Rental income under these agreements totaled \$33,927 and \$31,508 for the years ended December 31, 2020 and 2019, respectively.

Aggregate future payments consist of the following for the years ending December 31:

2021	<u>\$ 22,032</u>
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The Organization rents office space in Auburn, NY to a related party on a month to month basis. Annual rental income amounted to \$17,748 for both the years ended December 31, 2020 and 2019.

Cayuga County Chamber of Commerce, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 7 - Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 62,431	\$ 36,647
Accounts receivable	<u>132,509</u>	<u>162,195</u>
Total Financial Assets	\$ 194,940	\$ 198,842
Financial assets, at year end	\$ 194,940	\$ 198,842
Less those available for general expenditures within one year, due to:		
Contractual or donor-imposed time or purpose donor restrictions	<u>-</u>	<u>-</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 194,940	\$ 198,842

Note 8 - Affiliated Party Transactions

The Organization has a management agreement with Cayuga County Chamber of Commerce Foundation, Inc. Under the terms of the agreement, the Organization agrees to maintain the property at 2 State Street, Auburn, New York, including maintenance, leasing and collection of rents and compliance with local codes. In addition, any revenue from new lease agreements will result in a payment of 10% of collected rents to be paid to the Foundation and will be included in the Capital reserve account.

During 2014, the Organization became a member in Cayuga Strategic Solutions, Inc., a "one stop shop for economic development", along with Cayuga Economic Development Agency. Intercompany transactions are as follows:

	<u>2020</u>	<u>2019</u>
Assets		
Prepaid expenses	<u>\$ 20,953</u>	<u>\$ 8,713</u>
Expenses		
Administrative expenses	\$ 173,650	\$ 196,974
Operating expenses	11,061	9,368
Outside services	<u>3,425</u>	<u>3,130</u>
Total	\$ 188,136	\$ 209,472

Cayuga County Chamber of Commerce, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 9 - Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. The Organization has put in place procedures to protect their employees and the public from the spread of this virus, consistent with governmental restrictions and guidance. The Organization has adopted innovative changes to its operations to continue to serve its members.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The CARES Act includes funding for not-for-profits with financial hardships related to the coronavirus pandemic. The Organization received \$6,000 Economic Injury Disaster Loans (EIDL) grant income from the Small Business Association.

Given the uncertainty and daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for year ending December 31, 2021.

Note 10 - New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most of the existing revenue recognition guidance in US GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective January 1, 2019, the first day of the Organization's fiscal year, using the full retrospective method.

The adoption of the ASU did not have a significant impact on the Organization's financial statements. The majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how the revenue would be recognized under the new standard. No changes were required to previously reported revenue as a result of this adoption.

The Organization has also adopted Accounting Standard Update (ASU) 2018-08 Not for Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believe the standard improves the usefulness and understandability of the Organization's financial reporting. No significant changes were made to the statements as a result of this adoption.

Cayuga County Chamber of Commerce, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 11 - Subsequent Events

Management has evaluated subsequent events through March 3, 2021, the date on which the financial statements were available to be issued.