

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

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FINANCIAL STATEMENTS

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Board of Directors of
Cortland County Business
Development Corporation
Cortland, New York

I have audited the accompanying statement of financial position of Cortland County Business Development Corporation as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cortland County Business Development Corporation at December 31, 2008 and 2007, and the changes in net assets, functionalization of its expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Richard McNeilly, CPA

April 8, 2009

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	Operating Fund	
ASSETS	2008	2007
Cash an cash equivalents	\$ 374,162	\$ 346,536
Prepaid expenses	2,112	2,147
Furniture and fixtures, net	3,006	983
Accounts receivable	36,236	26,999
Notes receivable, (net of allowance for uncollectibles of \$-0-	-0-	-0-
TOTAL ASSETS	\$ 415,516	\$ 376,665
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 7,781	\$ 4,349
Accrued expenses	713	168
Total Current Liabilities	8,494	4,517
Net Assets		
Unrestricted net assets	107,022	372,148
Board restricted net assets	300,000	
Total Net Assets	407,022	372,148
TOTAL LIABILITIES AND NET ASSETS	\$ 415,516	\$ 376,665

See accompanying notes.

Revolving Loan Fund		Total	Total
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
\$ 353,248	\$ 276,903	\$ 727,410	\$ 623,439
-0-	-0-	2,112	2,147
-0-	-0-	3,006	983
-0-	-0-	36,236	26,999
<u>280,243</u>	<u>333,418</u>	<u>280,243</u>	<u>333,418</u>
<u>\$ 633,491</u>	<u>\$ 610,321</u>	<u>\$1,049,007</u>	<u>\$ 986,986</u>
\$ -0-	\$ -0-	\$ 7,781	\$ 4,349
-0-	-0-	713	168
-0-	-0-	8,494	4,517
<u>633,491</u>	<u>610,321</u>	<u>740,513</u>	<u>982,469</u>
<u>633,491</u>	<u>610,321</u>	<u>300,000</u>	<u>982,469</u>
<u>\$ 633,491</u>	<u>\$ 610,321</u>	<u>\$1,040,513</u>	<u>\$ 986,986</u>
<u>\$ 633,491</u>	<u>\$ 610,321</u>	<u>\$1,049,007</u>	<u>\$ 986,986</u>

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Operating	
	2008	2007
UNRESTRICTED NET ASSETS		
Support		
Government support	\$ 360,000	\$ 360,000
Grants	<u>44,500</u>	<u>60,868</u>
Total Support	404,500	420,868
Revenue		
Application fees	-0-	-0-
Referral commissions	-0-	-0-
Miscellaneous		860
Interest income	<u>3,612</u>	<u>5,180</u>
Total Revenue	<u>3,612</u>	<u>6,040</u>
Total Support and Revenue	408,112	426,908
Expenses		
Program Services	270,616	275,586
Support services	<u>102,622</u>	<u>103,145</u>
Total Expenses	<u>373,238</u>	<u>378,731</u>
Increase (Decrease) In Unrestricted Net Assets	34,874	48,177
Net Assets, Beginning of Year	<u>372,148</u>	<u>323,971</u>
Net Assets, End of Year	<u>\$ 407,022</u>	<u>\$ 372,148</u>

See accompanying notes.

Revolving Loan Fund		Total	Total
2008	2007	2008	2007
\$ -0-	\$ -0-	\$ 360,000	\$ 360,000
-0-	-0-	44,500	60,868
<u>-0-</u>	<u>-0-</u>	<u>404,500</u>	<u>420,868</u>
400	1,100	400	1,100
	5,637		5,637
3,654		3,654	860
<u>20,353</u>	<u>19,078</u>	<u>23,965</u>	<u>24,258</u>
<u>24,407</u>	<u>25,815</u>	<u>28,019</u>	<u>31,855</u>
24,407	25,815	432,519	452,723
1,237	578	271,853	276,164
-0-		102,622	103,145
<u>1,237</u>	<u>578</u>	<u>374,475</u>	<u>379,309</u>
23,170	25,237	58,044	73,414
<u>610,321</u>	<u>585,084</u>	<u>982,469</u>	<u>909,055</u>
\$ <u>633,491</u>	\$ <u>610,321</u>	\$ <u>1,040,513</u>	\$ <u>982,469</u>

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>		
	<u>Operating</u>	<u>Revolving Loan Fund</u>	<u>Total 2008</u>
<u>Program Services</u>			
Salaries	\$ 152,665	\$ -0-	\$ 152,665
Payroll taxes	13,541	-0-	13,541
Employee benefits	28,686	-0-	28,686
Conferences & meetings	2,883	-0-	2,883
Legal & professional fees	3,290	1,237	4,527
Marketing	57,287	-0-	57,287
Loan application	-0-	-0-	-0-
Special projects	10,890	-0-	10,890
Dues	<u>1,374</u>	<u>-0-</u>	<u>1,374</u>
Total Program Services	270,616	1,237	271,853
 <u>Support Services</u>			
Salaries	38,166	-0-	38,166
Payroll taxes	3,385	-0-	3,385
Employee benefits	7,172	-0-	7,172
Occupancy	19,651	-0-	19,651
Telephone, fax & internet	3,403	-0-	3,403
Postage	3,188	-0-	3,188
Supplies	4,062	-0-	4,062
Equipment rental & maintenance	9,342	-0-	9,342
Accounting & payroll service	5,450	-0-	5,450
Insurance	2,529	-0-	2,529
Travel	1,537	-0-	1,537
Automobile expense	2,477	-0-	2,477
New York nonprofit filing fee	125	-0-	125
Depreciation	2,102	-0-	2,102
Executive director search	-0-	-0-	-0-
Miscellaneous	33	-0-	33
Total Supporting Services	<u>102,622</u>	<u>-0-</u>	<u>102,622</u>
 Total Expenses	 <u>\$ 373,238</u>	 <u>\$ 1,237</u>	 <u>\$ 374,475</u>

See accompanying notes.

2007

<u>Operating</u>	<u>Revolving Loan Fund</u>	<u>Total 2007</u>
\$ 128,604	\$ -0-	\$ 128,604
11,662	-0-	11,662
26,461	-0-	26,461
6,133	-0-	6,133
1,699	126	1,825
75,549	-0-	75,549
-0-	452	452
23,467	-0-	23,467
<u>2,011</u>	<u>-0-</u>	<u>2,011</u>
275,586	578	276,164
32,151	-0-	32,151
2,916	-0-	2,916
6,616	-0-	6,616
20,720	-0-	20,720
2,741	-0-	2,741
4,924	-0-	4,924
6,228	-0-	6,228
7,499	-0-	7,499
5,650	-0-	5,650
2,179	-0-	2,179
-0-	-0-	-0-
3,756	-0-	3,756
125	-0-	125
2,650	-0-	2,650
4,990	-0-	4,990
-0-	-0-	-0-
<u>103,145</u>	<u>-0-</u>	<u>103,145</u>
<u>\$ 378,731</u>	<u>\$ 578</u>	<u>\$ 379,309</u>

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 58,044	\$ 73,414
Adjustments to Reconcile		
Net Cash Provided By Operations		
Depreciation	2,102	2,650
Changes in Assets and Liabilities		
(Increase) decrease in assets:		
Prepaid expenses	35	93
Accounts receivable	(9,237)	(10,228)
Principal received on notes	88,175	40,311
New notes issued	(35,000)	(185,000)
Increase (decrease) in liabilities:		
Accounts payable	3,432	(3,061)
Accrued expenses	<u>545</u>	<u>(548)</u>
Cash Flows Provided (Used) By Operations	<u>108,096</u>	<u>(82,369)</u>
Cash Flows Used By		
Investing Activities		
Purchase of property and equipment	<u>(4,125)</u>	<u>-0-</u>
Increase (Decrease) In Cash Flows	103,971	(82,369)
Cash, Beginning of Year	<u>623,439</u>	<u>705,808</u>
Cash, End of Year	<u>\$ 727,410</u>	<u>\$ 623,439</u>

See accompanying notes.

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 1 - Nature of Operations

Cortland County Business Development Corporation is a Not-for-Profit Corporation formed on May 12, 1992. The Corporation's activities involve attracting new business, developing existing business and promotion and development of job opportunities in Cortland County. Cortland County Business Development Corporation receives approximately 88% of its funding from local governments.

Note 2 - Summary of Significant Accounting Policies

Financial Statement Presentation

The Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Use of Funds

The assets, liabilities, and net assets of the Corporation are reported in two self-balancing fund groups as follows:

Operating funds, which include unrestricted resources, represent the portion of expendable funds that is available for support of council operations.

Revolving loan funds, that are used to support local business by making loans for economic development. This fund is also included in the unrestricted net asset classification.

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Accounts Receivable

Accounts receivable is composed of cash advances to local development corporations. The balances are expected to be collected in the near future. Amounts that are not collectible are written off. There were no writeoffs in 2008 or 2007.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets. When these assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statement of activities.

Cash Flows

For purposes of the statement of cash flows, the Corporation uses the indirect method of reporting net cash flows from operating activities, and considers all short-term investments with the original maturity of three months or less to be cash equivalents. At December 31, 2008 and 2007, there were no cash equivalents.

Other Matters

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund that owned the assets. Ordinary income from investments, receivables, and the like is accounted for in the fund that owned the assets.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Corporation currently has no unrelated business income. Accordingly, no provision for income taxes have been recorded.

Marketing Costs

Marketing costs are composed of print and audio media advertising and promotions. These costs are expensed as incurred.

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 3 - Notes Receivable

Cortland County Business Development Corporation holds funds that are earmarked for the purpose of making loans to qualified Cortland County businesses that are to use these funds for expansion and the creation of jobs within the County. As of December 31, 2008, the Committee has granted eleven (11) loans still outstanding at 6% interest and at various terms to maturity through 2017. Collateral consists of various assets owned by the individual businesses. The corporation has filed the necessary legal documents to obtain a first or second security interest on the collateral. Two new loans were issued during 2008 totaling \$35,000.

An allowance for uncollectable loans is provided based on management's evaluation of potential uncollectable loans receivable at year end. Amounts expensed to maintain the appropriate reserve balance were \$0 in 2008 and 2007. Interest on loans is recognized as collected.

Note 4 - Concentrations of Credit Risks

Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of cash and notes receivable.

The Corporation maintains its checking and savings accounts in several commercial banks located in Cortland County. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in 2008 and \$100,00 in 2007 per bank. At December 31, 2008 and 2007 the uninsured balances were \$-0- and \$88,709.

As more fully described in Note 3, the Corporation's notes receivables consist of loans to businesses located in the greater Cortland area. On the majority of loans, the Corporation has first or second position on the collateral backing them.

Note 5 - Commitments on Leases

On October 21, 2008, the Organization entered into a lease for a 2008 automobile calling for monthly payments of \$351 for 38 months. Auto lease expense for the periods ended December 31, 2008 and 2007 were \$1,588 and \$2,077, net of employee reimbursement for personal miles.

Effective November 1, 2004, the Corporation entered into a five year lease with Cortland County for its offices. All property taxes and trash removal costs are incurred by the County. The Corporation is responsible for the utilities on a prorata basis per space used by the Corporation. The lease payments for this space in 2008 and 2007 were \$19,651 and \$19,079, respectively. The lease expired December 31, 2008.

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

On July 1, 2004, the Corporation entered into a cancelable lease for a photocopier that calls for monthly rental payments of \$387.66 plus useage for five years. Photocopier lease expense for the year ended December 31, 2008 and 2007, was \$6,456 and \$4,858, respectively. Future minimum lease payments are \$2,320 for 2009.

Note 6 - Property and Equipment

A summary of fixed assets at December 31, is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
2008	\$ 43,055	\$ 40,049	\$ 3,006
2006	\$ 38,929	\$ 37,946	\$ 983

Depreciation expense for the years ended December 31, 2008 and 2007 is \$2,102 and \$2,124, respectively.

Note 7 - Concentration of Income Sources

The Cortland County Business Development Corporation receives approximately 83% of its support and revenue from the County of Cortland government and 10% from other governments. In 2003, the County of Cortland passed a resolution to fund the Cortland County Business Development Corporation for \$360,000 a year effective January 1, 2004, and continue in effect for a period of five (5) years.

Note 8 - Retirement Plan

Effective April 1, 2000, employees of the Corporation may participate in a Simple IRA plan. The employees may elect to defer up to \$12,000 per year pursuant to a salary reduction agreement. The Corporation matches each employees elective deferral up to a maximum of 3% of the employees compensation. The Corporation made matching contributions to the plan of \$6,060 and \$5,048 for the years ending December 31, 2008 and 2007, respectively. There is no unpaid obligation at December 31, 2008.