

**CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

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Richard M. McNeilly

Certified Public Accountant

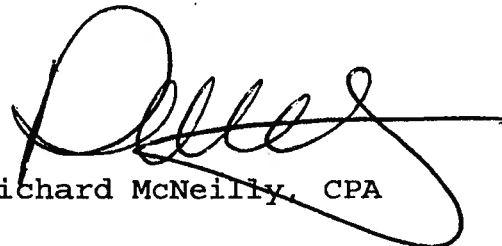
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Board of Directors of
Cortland County Business
Development Corporation
Cortland, New York

I have audited the accompanying statement of financial position of Cortland County Business Development Corporation as of December 31, 2009 and 2008, 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, 2009 and 2008, 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

March 31, 2010

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, :

	Operating Fund	
ASSETS	2009	2008
Cash an cash equivalents	\$ 381,436	\$ 374,162
Prepaid expenses	2,918	2,112
Furniture and fixtures, net	5,268	3,006
Accounts and grants receivable	88,529	36,236
Notes receivable, (net of allowance for uncollectibles of \$-0-	-0-	-0-
TOTAL ASSETS	\$ 478,151	\$ 415,516
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 11,286	\$ 7,781
Deferred revenue	4,038	-0-
Accrued expenses	694	713
Total Current Liabilities	16,018	8,494
Net Assets		
Unrestricted net assets	162,133	107,022
Board restricted net assets	300,000	300,000
Total Net Assets	462,133	407,022
TOTAL LIABILITIES AND NET ASSETS	\$ 478,151	\$ 415,516

See accompanying notes.

Revolving Loan Fund		Total	Total
2009	2008	2009	2008
\$ 366,219	\$ 353,248	\$ 747,655	\$ 727,410
-0-	-0-	2,918	2,112
-0-	-0-	5,268	3,006
-0-	-0-	88,529	36,236
<u>280,572</u>	<u>280,243</u>	<u>280,572</u>	<u>280,243</u>
\$ <u>646,791</u>	\$ <u>633,491</u>	\$ <u>1,124,942</u>	\$ <u>1,049,007</u>
\$ -0-	\$ -0-	\$ 11,286	\$ 7,781
-0-	-0-	4,038	-0-
<u>-0-</u>	<u>-0-</u>	694	713
		<u>16,018</u>	<u>8,494</u>
646,791	633,491	808,924	740,513
<u>646,791</u>	<u>633,491</u>	300,000	300,000
		<u>1,108,924</u>	<u>1,040,513</u>
\$ <u>646,791</u>	\$ <u>633,491</u>	\$ <u>1,124,942</u>	\$ <u>1,049,007</u>

CORTLAND COUNTY BUSINESS DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, :

	Operating	
	2009	2008
UNRESTRICTED NET ASSETS		
Support		
Government support	\$ 395,962	\$ 360,000
Grants	24,229	44,500
Total Support	420,191	404,500
Revenue		
Application fees	-0-	-0-
Referral commissions	-0-	-0-
Miscellaneous	545	-0-
Interest income	1,855	3,612
Total Revenue	2,400	3,612
Total Support and Revenue	422,591	408,112
Expenses		
Program Services	258,895	270,616
Support services	108,585	102,622
Total Expenses	367,480	373,238
Increase (Decrease) In Unrestricted Net Assets	55,111	34,874
Net Assets, Beginning of Year	407,022	372,148
Net Assets, End of Year	\$ 462,133	\$ 407,022

See accompanying notes.

Revolving Loan Fund		Total	Total
2009	2008	2009	2008
\$ -0-	\$ -0-	\$ 395,962	\$ 360,000
-0-	-0-	24,229	44,500
<u>-0-</u>	<u>-0-</u>	<u>420,191</u>	<u>404,500</u>
400	400	400	400
-0-	-0-	-0-	-0-
-0-	3,654	545	3,654
<u>12,915</u>	<u>20,353</u>	<u>14,770</u>	<u>23,965</u>
<u>13,315</u>	<u>24,407</u>	<u>15,715</u>	<u>28,019</u>
13,315	24,407	435,906	432,519
15	1,237	258,910	271,853
-0-	-0-	108,585	102,622
<u>15</u>	<u>1,237</u>	<u>367,495</u>	<u>374,475</u>
13,300	23,170	68,411	58,044
<u>633,491</u>	<u>610,321</u>	<u>1,040,513</u>	<u>982,469</u>
\$ <u>646,791</u>	\$ <u>633,491</u>	\$ <u>1,108,924</u>	\$ <u>1,040,513</u>

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

	2009		
	Operating	Revolving Loan Fund	Total 2009
<u>Program Services</u>			
Salaries	\$ 136,405	\$ -0-	\$ 136,405
Payroll taxes	11,899	-0-	11,899
Employee benefits	26,316	-0-	26,316
Conferences & meetings	3,381	-0-	3,381
Legal & professional fees	3,617	15	3,632
Marketing	75,356	-0-	75,356
Loan application	-0-	-0-	-0-
Special projects	-0-	-0-	-0-
Dues	1,921	-0-	1,921
Total Program Services	258,895	15	258,910
 <u>Support Services</u>			
Salaries	41,935	-0-	41,935
Payroll taxes	3,758	-0-	3,758
Employee benefits	8,310	-0-	8,310
Occupancy	21,859	-0-	21,859
Telephone, fax & internet	3,984	-0-	3,984
Postage	2,743	-0-	2,743
Supplies	4,162	-0-	4,162
Equipment rental & maintenance	9,200	-0-	9,200
Accounting & payroll service	5,700	-0-	5,700
Insurance	1,562	-0-	1,562
Travel	-0-	-0-	-0-
Automobile expense	3,189	-0-	3,189
New York nonprofit filing fee	275	-0-	275
Depreciation	1,883	-0-	1,883
Miscellaneous	25	-0-	25
Total Supporting Services	108,585	-0-	108,585
 Total Expenses	\$ 367,480	\$ 15	\$ 367,495

See accompanying notes.

2008

<u>Operating</u>	<u>Revolving Loan Fund</u>	<u>Total 2008</u>
\$ 152,665	\$ -0-	\$ 152,665
13,541	-0-	13,541
28,686	-0-	28,686
2,883	-0-	2,883
3,290	1,237	4,527
57,287	-0-	57,287
-0-	-0-	-0-
10,890	-0-	10,890
1,374	-0-	1,374
<u>270,616</u>	<u>1,237</u>	<u>271,853</u>
38,166	-0-	38,166
3,385	-0-	3,385
7,172	-0-	7,172
19,651	-0-	19,651
3,403	-0-	3,403
3,188	-0-	3,188
4,062	-0-	4,062
9,342	-0-	9,342
5,450	-0-	5,450
2,529	-0-	2,529
1,537	-0-	1,537
2,477	-0-	2,477
125	-0-	125
2,102	-0-	2,102
33	-0-	33
<u>102,622</u>	<u>-0-</u>	<u>102,622</u>
<u>\$ 373,238</u>	<u>\$ 1,237</u>	<u>\$ 374,475</u>

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
FOR THE YEARS ENDED DECEMBER 31, :

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 68,411	\$ 58,044
Adjustments to Reconcile		
Net Cash Provided By Operations		
Depreciation	1,883	2,102
Changes in Assets and Liabilities		
(Increase) decrease in assets:		
Prepaid expenses	(806)	35
Accounts receivable	(52,293)	(9,237)
Principal received on notes	59,671	88,175
New notes issued	(60,000)	(35,000)
Increase (decrease) in liabilities:		
Accounts payable	3,505	3,432
Deferred revenue	4,038	-0-
Accrued expenses	(19)	545
Cash Flows Provided (Used) By Operations	<u>24,390</u>	<u>108,096</u>
Cash Flows Used By		
Investing Activities		
Purchase of property and equipment	<u>(4,145)</u>	<u>(4,125)</u>
Increase (Decrease) In Cash Flows	20,245	103,971
Cash, Beginning of Year	<u>727,410</u>	<u>623,439</u>
Cash, End of Year	<u>\$ 747,655</u>	<u>\$ 727,410</u>

See accompanying notes.

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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 90% 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, 2009 AND 2008

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 2009 or 2008.

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, 2009 and 2008, 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, 2009 AND 2008

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, 2009, the Committee has granted twelve (12) loans still outstanding at 6% interest and at various terms to maturity through 2019. 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. One new loan was issued during 2009 totaling \$60,000.

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 2009 and 2008. 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 2009 and 2008. At December 31, 2009 and 2008 the uninsured balances were \$-0-.

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, 2009 and 2008 were \$1,340 and \$1,588, 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 2009 and 2008 were \$19,651 and \$19,651, respectively. The lease expired December 31, 2008. To date, no new agreement has been entered into.

CORTLAND COUNTY BUSINESS
DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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, 2009 and 2008, was \$6,456 and \$6,456, respectively.

Note 6 - Property and Equipment

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

	Cost	Accumulated Depreciation	Book Value
2009	\$ 41,870	\$ 36,602	\$ 5,268
2008	\$ 43,055	\$ 40,049	\$ 3,006

Depreciation expense for the years ended December 31, 2009 and 2008 is \$1,883 and \$2,102, respectively.

Note 7 - Concentration of Income Sources

The Cortland County Business Development Corporation receives approximately 91% of its support and revenue from the County of Cortland government and 6% 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. In 2009 the agreement was extended through 2012 with an additional \$40,000 for marketing programs.

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 \$5,507 and \$6,060 for the years ending December 31, 2009 and 2008, respectively. There is no unpaid obligation at December 31, 2009.