

SCHOHARIE COUNTY CAPITAL RESOURCE
CORPORATION

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Schoharie County Capital Resource Corporation
Cobleskill, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Schoharie County Capital Resource Corporation ("SCCRC") which comprise of the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SCCRC's preparation and fair presentation of the financial statements 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 SCCRC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCCRC as of June 30, 2020 and 2019 and the respective changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 – 4 be presented to supplement the basic financial statements. Such information, 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, and 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 Information

Our audit was conducted for the purpose of forming an opinion on SCCRC's financial statements as a whole. The schedules of supplemental bond and note information and full-time equivalent (FTE) jobs created and retained in the other financial information section is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplemental information that is required by the Office of New York State Comptroller. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2020 on our consideration of SCCRC'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCCRC's internal control over financial reporting and compliance.

Mostert, Manzanero & Scott, LLP

Oneonta, New York
August 26, 2020

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2020

As financial management of the Schoharie County Capital Resource Corporation ("SCCRC"), we offer readers of these financial statements this narrative overview and analysis of the financial activities for SCCRC for the year ended June 30, 2020. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. SCCRC encourages its readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Overview of the Financial Statements

This discussion and analysis accompanies SCCRC's financial statements, including notes to the financial statements and the reports on compliance and internal control to help the reader better understand the financials.

Financial Statements

SCCRC's financial statements provide readers with a comprehensive reporting of SCCRC 2019 – 2020 fiscal year transactions and balances. The difference between the assets and liabilities are reported as net position. Increases or decreases in net position are an indicator of strengthened or weakened financial position.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

The operating revenue for SCCRC was \$-0- for fiscal year 2020. Income net of expenses produced a decrease in net position of \$3,544. At the close of fiscal year 2020, SCCRC had a net position of \$34,543 which was attributable to bond and project fees.

The operating revenue for SCCRC was \$500 for fiscal year 2019. Income net of expenses produced a decrease in net position of \$3,063. At the close of fiscal year 2019, SCCRC had a net position of \$38,087 which was attributable to bond and project fees.

SCCRC's prime objective is to provide assistance to not-for-profits through the issuance of tax-exempt bond financing. Currently, SCCRC does not administer any direct business assistance.

Accomplishments

The SCCRC remained available to the County's non-profits and performed the required administrative responsibilities.

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2020

Economic Factors

2019 – 2020 continued to be a difficult economic environment, on the local level with no major projects taking place even with low interest rates. The following is a 2018 – 2020 comparative summary of SCCRC financial statements, showing the decrease in net assets.

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION'S
NET POSITION

	2020	2019	2018
Current assets	\$ 34,543	\$ 38,087	\$ 41,150
Total assets	34,543	38,087	41,150
Current liabilities	-	-	-
Total liabilities	-	-	-
Total net position	\$ 34,543	\$ 38,087	\$ 41,150

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION'S
CHANGES IN NET POSITION

	2020	2019	2018
Operating revenues	\$ -	\$ 500	\$ -
Operating expenses	3,551	3,571	3,480
Net loss from operations	(3,551)	(3,071)	(3,480)
Non-operating revenues	7	8	293
Net position – Beginning of year	38,087	41,150	44,337
Net position – End of year	\$ 34,543	\$ 38,087	\$ 41,150

2021 GOALS

SCCRC expects to continue working with local not-for-profits who step forward with viable projects.

As discussed in note 6 to the financial statements, management has analyzed and discussed the impact of the Covid-19 pandemic and has determined that SCCRC could be negatively impacted in future years.

Requests for Information

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Schoharie County Capital Resource Corporation, 349 Mineral Springs Road, Cobleskill, New York 12043.

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 34,190	\$ 37,585
Prepaid insurance	353	502
Total current assets	<u>34,543</u>	<u>38,087</u>
 Total assets	<u>34,543</u>	<u>38,087</u>
 <u>LIABILITIES AND NET POSITION</u>		
Net position:		
Unrestricted	<u>34,543</u>	<u>38,087</u>
 Total net position	<u>\$ 34,543</u>	<u>\$ 38,087</u>

See accompanying notes.

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Bond, application and administrative fees	\$ -	\$ 500
Total operating revenues	-	500
Operating expenses:		
Insurance	1,255	1,256
Professional fees	2,266	2,315
Miscellaneous	30	-
Total operating expenses	3,551	3,571
Net loss from operations	(3,551)	(3,071)
Non-operating revenues:		
Interest income	7	8
Net loss	(3,544)	(3,063)
Net position - Beginning of year	38,087	41,150
NET POSITION - END OF YEAR	\$ 34,543	\$ 38,087

See accompanying notes.

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from services provided	\$ -	\$ 500
Other operating payments	(3,402)	(3,871)
NET CASH USED IN OPERATING ACTIVITIES	(3,402)	(3,371)
Cash flows from investing activities:		
Interest income	7	8
NET CASH PROVIDED BY INVESTING ACTIVITIES	7	8
NET DECREASE IN CASH	(3,395)	(3,363)
Cash and cash equivalents - Beginning of year	37,585	40,948
Cash and cash equivalents - End of year	\$ 34,190	\$ 37,585
Reconciliation of operating income to net cash provided by operating activities:		
Net loss from operations	\$ (3,551)	\$ (3,071)
Increase (decrease) in prepaid expenses	149	(300)
NET CASH USED IN OPERATING ACTIVITIES	\$ (3,402)	\$ (3,371)

See accompanying notes.

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 1 ORGANIZATION

Schoharie County Capital Resource Corporation (“SCCRC”) is a New York State Corporation – incorporated July 12, 2011 – organized under New York State Not-for-Profit Corporation Law and is located in Cobleskill, New York. SCCRC’s mission is to assist local economic development efforts by promoting community and economic development and the creation of jobs in non-profit and for profit institutions. SCCRC provides access to low interest tax-exempt and non tax-exempt financing for eligible projects in Schoharie County. Schoharie County is the sole member of the corporation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

SCCRC follows enterprise fund reporting. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. All enterprise funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of SCCRC’s enterprise fund are bond fees. Operating expenses for the enterprise fund includes bond issuance costs and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The basic financial statements of SCCRC have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of SCCRC’s accounting policies are described below.

Income Tax Status

SCCRC is a governmental instrumentality of Schoharie County under IRS revenue ruling 57-128 and therefore pursuant to Section 115 of the Internal Revenue Code is exempt from filing Federal and State income tax returns. Accordingly, no provision for income taxes has been provided for in the financial statements.

Statements of Cash Flows

For the purpose of the statements of cash flows, SCCRC considers all cash to be unrestricted and restricted cash accounts including demand accounts.

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Net Position

Equity is classified as net position and displayed in three components:

- Invested in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- Restricted – Consists of net assets with constraints on the use either by (a) external groups such as creditors, grantors, contributors, laws or regulations of other governments, or (b) laws through constitutional provisions or enabling legislation.
- Unrestricted – All other net assets that do not meet the definition of “invested in capital assets” or “restricted.”

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

Contributed Facilities and Services

SCCRC is authorized to use and share employees, facilities, and equipment of the Schoharie County Industrial Development Agency (“SCIDA”) and may reimburse SCIDA an agreed upon proportion of the compensation or costs of the services provided.

Component Unit

Management has evaluated the provisions of Government Accounting Standards Board Statement No. 61 – *The Financial Reporting Entity* and has determined SCCRC is not a component unit of SCIDA.

Subsequent Events

SCCRC has evaluated subsequent events through August 26, 2020, which is the date these financial statements were available to be issued.

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 3 REVENUE BONDS

SCCRC facilitates the issuance of tax-exempt and non tax-exempt revenue bonds and notes. The bonds and notes are not the obligations of SCCRC or the State of New York. SCCRC does not record the assets or liabilities resulting from completed bonds and notes issued in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and the funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, SCCRC receives bond administration fees from the borrowing organizations. During the years ended June 30, 2020 and 2019, SCCRC received \$-0- and \$500 in bond administrative/issuance fees, respectively.

NOTE 4 RELATED PARTIES

SCCRC and SCIDA are related through common board members and management.

NOTE 5 CASH AND CASH EQUIVALENTS

Collateral is required for demand deposits and certificates of deposit not covered by the Federal Deposit Insurance Corporation (FDIC). Obligations that may be pledged as collateral are obligations to the United States and its agencies and obligations of the State and its municipalities and school districts.

All SCCRC funds were insured by FDIC as of June 30, 2020 and 2019.

NOTE 6 SUBSEQUENT EVENT

Subsequent to year-end, SCCRC has been impacted by the effects of the worldwide coronavirus pandemic. SCCRC is closely monitoring its operations, liquidity, capital resources, and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to SCCRC's financial position is unknown.

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SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION
 SCHEDULE OF SUPPLEMENTAL BOND AND NOTE INFORMATION

Year Ended June 30, 2020

<u>Purchaser</u>	<u>Issuee</u>	<u>Issue Date</u>	<u>Price</u>	<u>Rate</u>	<u>Balance</u>	<u>Maturity Date</u>
RBS Citizens, N.A	Cobleskill Alumni Holdings, LLC Cobleskill, New York Series 2013A	09/01/2013	\$ 10,000,000	3.43	\$ 7,983,045	09/01/2024
Bond Purpose:	Construction					

SCHOHARIE COUNTY CAPITAL RESOURCE CORPORATION

SCHEDULE OF FULL-TIME EQUIVALENT (FTE) JOBS CREATED AND RETAINED

Year Ended June 30, 2020

	<u># of FTE Employees at Project Location before IDA Status</u>	<u>Original Estimate of Jobs to be Created</u>	<u>Original Estimate of Jobs to be Retained</u>	<u># of Current FTE Employees</u>	<u># of FTE Jobs Created During Fiscal Year</u>	<u># of FTE Jobs Retained During Fiscal Year</u>
Project Owner: Cobleskill Alumni Holdings, LLC	<u>0</u>	<u>0</u>	<u>5</u>	<u>7.875</u>	<u>0</u>	<u>5</u>

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Schoharie County Capital Resource Corporation
Cobleskill, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Schoharie County Capital Resource Corporation ("SCCRC") which comprise the statements of net position as of and for the year ended June 30, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SCCRC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCCRC's internal control. Accordingly, we do not express an opinion on the effectiveness of SCCRC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of SCCRC's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MEMBERS: American Institute of Certified Public Accountants,
New York State Society of Certified Public Accountants, National Conference of CPA Practitioners

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SCCRC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SCCRC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCCRC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of Schoharie County Capital Resource Corporation's audit committee, management, State of New York, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Oneonta, New York
August 26, 2020