

**FULTON COUNTY CENTER  
FOR REGIONAL GROWTH, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Fulton County Center for Regional Growth, Inc.  
Gloversville, New York

We have audited the accompanying financial statements of the Fulton County Center for Regional Growth, Inc., (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

### **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 the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the entity'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 consolidated financial statements.

We believe that 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 the Fulton County Center for Regional Growth, Inc., as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
February 20, 2019

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

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<b>- <u>ASSETS</u> -</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>ASSETS:</b>		
Cash	\$ 552,710	\$ 624,809
Cash - restricted	34,661	73,625
Receivables	91,191	98,759
Accrued revenue	22,730	3,213
Prepaid expenses	2,002	4,244
	<hr/>	<hr/>
<b>Total current assets</b>	703,294	804,650
<b>PROPERTY AND EQUIPMENT - NET</b>	350,401	360,109
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 1,053,695</b>	<b>\$ 1,164,759</b>
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<b>- <u>LIABILITIES AND NET ASSETS</u> -</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 2,427	\$ 17,509
Accrued expenses	18,500	17,539
Deferred revenue	109,034	105,669
	<hr/>	<hr/>
<b>Total liabilities</b>	129,961	140,717
<b>NET ASSETS:</b>		
Without donor restrictions	923,734	1,024,042
	<hr/>	<hr/>
<b>Total net assets</b>	923,734	1,024,042
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,053,695</b>	<b>\$ 1,164,759</b>
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See accompanying notes.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Program income	\$ 220,555	\$ 269,945
Administrative revenue	63,353	87,996
Management fee income	3,553	88,800
Rental income	62,960	79,033
Contributions	53,389	88,782
Membership dues	22,914	3,860
Miscellaneous	25,538	20,133
	452,262	638,549
<b>EXPENSES</b>		
Salaries and wages	238,443	207,749
Payroll taxes and fringes	58,005	67,107
Occupancy	63,924	126,414
Marketing and advertising	72,984	62,953
Office expenses	67,518	81,784
Professional fees	19,890	34,726
Insurance - general	6,097	13,837
General and administrative	16,001	8,966
Depreciation and amortization	9,708	9,284
	552,570	612,820
<b>CHANGE IN NET ASSETS</b>	<u>\$ (100,308)</u>	<u>\$ 25,729</u>
<b>NET ASSETS AT BEGINNING OF THE YEAR</b>	\$ 1,024,042	\$ 998,313
Change in net assets for the year	(100,308)	25,729
<b>NET ASSETS AT END OF THE YEAR</b>	<u>\$ 923,734</u>	<u>\$ 1,024,042</u>

See accompanying notes.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

<b>EXPENSES</b>	<b>2018</b>		<b>Totals</b>
	<b>Program Activities</b>	<b>Management and General</b>	
Salaries and wages	\$ 199,835	\$ 38,608	\$ 238,443
Payroll taxes and fringes	48,613	9,392	58,005
Occupancy	57,532	6,392	63,924
Marketing and advertising	72,984	0	72,984
Office expenses	60,766	6,752	67,518
Professional fees	0	19,890	19,890
Insurance - general	0	6,097	6,097
General and administrative	0	16,001	16,001
Depreciation and amortization	8,737	971	9,708
<b>TOTAL EXPENSES</b>	<b>\$ 448,467</b>	<b>\$ 104,103</b>	<b>\$ 552,570</b>

<b>EXPENSES</b>	<b>2017</b>		<b>Totals</b>
	<b>Program Activities</b>	<b>Management and General</b>	
Salaries and wages	\$ 169,398	\$ 38,351	\$ 207,749
Payroll taxes and fringes	54,719	12,388	67,107
Occupancy	113,773	12,641	126,414
Marketing and advertising	62,953	0	62,953
Office expenses	73,606	8,178	81,784
Professional fees	0	34,726	34,726
Insurance - general	0	13,837	13,837
General and administrative	0	8,966	8,966
Depreciation and amortization	8,356	928	9,284
<b>TOTAL EXPENSES</b>	<b>\$ 482,805</b>	<b>\$ 130,015</b>	<b>\$ 612,820</b>

See accompanying notes

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

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	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (100,308)	\$ 25,729
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation and amortization	9,708	9,284
(Increase) decrease in:		
Receivables	7,568	(82,076)
Prepaid expenses	2,242	(4,244)
Accrued revenue	(19,517)	10,817
Increase (decrease) in:		
Accounts payable	(15,082)	11,422
Accrued expenses	961	0
Deferred revenue	3,365	(19,331)
	<u>(111,063)</u>	<u>(48,399)</u>
<b>Net cash (used) by operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	<u>0</u>	<u>(13,615)</u>
<b>Net cash (used) by investing activities</b>	<u>0</u>	<u>(13,615)</u>
<b>NET (DECREASE) IN CASH</b>	(111,063)	(62,014)
<b>CASH UNRESTRICTED AND RESTRICTED - BEGINNING</b>	<u>698,434</u>	<u>760,448</u>
<b>CASH UNRESTRICTED AND RESTRICTED - ENDING</b>	<u><u>\$ 587,371</u></u>	<u><u>\$ 698,434</u></u>

See accompanying notes.



**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

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**NOTE 1 – NATURE OF OPERATIONS**

**The Organization**

The Fulton County Center for Regional Growth, Inc. (CRG or Organization collectively) was incorporated under the not for profit laws of the State of New York on March 2, 2012. CRG's primary purpose is to promote economic development within Fulton County, New York and its neighboring communities. It does this primarily through the marketing, promotion and the administration of a number of governmental grants and projects, in cooperation with Gloversville Economic Development Corporation, Mohawk Valley Economic Development District, Inc., New York Business Development Corporation, New York State Empire State Development, Corp., Statewide Zone Capital Corp. and Fulton County Industrial Development Agency, among others, from its 37,250 square foot facility at 34 West Fulton Street in Gloversville, New York and also includes promoting other Fulton County Projects:

**Tryon Technology Park** – This Park is located on 515 acres at 881 County Highway 107, in the towns of Perth and Johnstown, New York and is administered by the Fulton County Industrial Development Agency. It is a former state facility and is being redeveloped for industrial usage.

**Crossroads Business Park** – The Park, located on South Kingsboro Avenue Extension adjacent to the Walmart retail facility, contains 70 acres, of which 5 acres are industrially developed. It is designed for professional and industrial usage with retail use available. The Park is sponsored by the City of Gloversville.

**Crossroads Industrial Park** – The Park is located on Route 29A and Harrison Street Extension. It is funded by the U.S. Economic Development Administration (EDA), Fulton County and the City of Gloversville.

**Johnstown Industrial Park** – The Park, located on Route 30A in Johnstown, contains 125 acres, of which 65 acres are industrially developed. It contains the Walmart distribution facility, Benjamin Moore Paint, among others. The Park is sponsored by the City of Johnstown.

**Revolving Loan Pools** – Revolving loan pools and microenterprise grant programs are for industrial expansions or start-up businesses.

**Excelsior Jobs Program** – These tax credit programs cover specific and local areas and are designed to assist businesses to relocate or expand in the Fulton County area.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

These financial statements have been prepared under the accrual method of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. The accounting principles under GAAP are defined by the Financial Accounting Standards Board (FASB) under the Accounting Standards Codification (ASC) as updated by Accounting Standards Updates (ASU). These financial statements are presented under the current applicable accounting and presentation standards

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Basis of Accounting and Presentation**

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

**Net assets without donor restrictions** – Net assets that are not subject to imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

**Net assets with donor restrictions** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature where by the donor has stipulated that the funds be maintained in perpetuity. The Organization had no net assets with donor restriction as of December 31, 2018 and 2017.

**Contributions**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires from a stipulated time or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contribution restricted for the acquisition of land, buildings and equipment are reported as net assets without donor restriction upon the acquisition of the assets and the assets are placed in service.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Organization considers all highly liquid financial instruments purchased with maturities of three months or less to be cash equivalents. The Organization maintains cash balances at various banks. From time to time, the Organization’s bank balances exceed federal deposit limits. Management considers this to be a normal business risk.

**Restricted Cash**

Restricted cash, which consists principally of cash and cash equivalents, represent amounts to be used for future lending within the restricted grant funds.

**FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Investments**

Net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and unrealized appreciation or depreciation on those investments is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains and losses.

Restricted cash, which consists principally of cash and cash equivalents, represent amounts to be used for future lending within the restricted grants funds.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation. All significant assets with an estimated useful life beyond one year are capitalized. Depreciation is computed over the estimated useful lives of the assets using both straight-line and accelerated methods.

**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly certain costs have been allocated among activities determined by management on an equitable basis based upon time, effort and resource utilized.

**Advertising Costs**

All advertising costs are expensed as incurred.

**Income Taxes**

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code and similar provisions of New York State Regulations. As such, they are exempt from both federal and state income tax.

The Organization files tax exempt income tax returns in its U.S. federal jurisdiction and New York State. The Organization's returns for its years ended December 31, 2016, 2017 and 2018, are subject to U.S. federal and New York State income tax examination by tax authorities.

The Organization follows the provision of uncertain tax positions as addressed in the FASB ASC 740. The Organization has been granted tax exempt status, which management believes would be accepted upon examination by the taxing authorities. Management has determined that it currently has no other uncertain tax positions or unrecognized tax benefits to report for the year ended.

The primary income tax position taken by the Organization for any years open under the various statutes of limitations are (1) that the Organization continues to be exempt from income taxes and (2) that the Organization does not have unrelated business income that would be subject to income taxes.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Contributed Services**

The Organization receives a significant amount of donated services from unpaid volunteers, including officers and directors, who assist in the advancement of the corporation's programs, particularly in the area of fund raising. No amounts have been recognized in the statement of activities because the criteria for recognition under the provisions of FASB ASC 958-605 have not been satisfied.

**Use of 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.

**Liquidity**

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 552,710
Accounts receivable	91,191
Accrued revenue	22,730
Prepaid expenses	<u>2,002</u>
Total	<u>\$ 668,633</u>

The Organization has \$668,633 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31:

	<b><u>2018</u></b>	<b><u>2017</u></b>
Land, building, and building improvements	\$ 374,883	\$ 374,883
Computers and equipment	<u>850</u>	<u>850</u>
Total cost	375,733	375,733
Less: Accumulated depreciation	<u>(25,332)</u>	<u>(15,624)</u>
Property and equipment, net	<u>\$ 350,401</u>	<u>\$ 360,109</u>

Depreciation expense for the years ended December 31, 2018 and 2017, were \$9,708 and \$9,284, respectively.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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**NOTE 4 – CROSSROADS INCUBATOR CORPORATION**

CRG engages in various transactions with Crossroads Incubator Corporation (CIC). These consist primarily of various shared expenses including marketing and administrative services, insurance, telephone and internet service and various office expenses. Total revenue from CIC related to these transactions during 2018 and 2017 was \$-0-.

In addition, CRG reimburses CIC for certain employee wages related to time spent providing accounting and bookkeeping services for CRG. The Organization received \$3,553 and \$88,800 in management fee income from CIC during 2018 and 2017, respectively. CRG does not carry any balances due from or to these related parties.

**NOTE 5 – PENSION PLAN**

CRG sponsors a defined contribution pension plan that covers substantially all employees who meet eligibility requirements. Contributions to the plan are discretionary and determined annually by the Board of Directors. Pension expenses were \$13,108 and \$18,830 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 6 – CONTINGENCIES**

There are currently no lawsuits or actions outstanding other than in the ordinary course of business. In these matters, the Organization has retained legal counsel and believes it has sustainable positions, and no provision has been made in these financial statements for any potential effect of the outcomes.

**Primary Sources of Revenue**

The organization receives a substantial portion of its annual revenue from its annual contract with Fulton County, New York.

**NOTE 7 – CONCENTRATIONS OF CREDIT RISK**

CRG maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2018, the Organization's cash balances exceeded the insured limit by \$279,222.

**NOTE 8 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through the date at which the financial statements were available for issuance. There are no reportable subsequent events.