FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, and the related statements of activities, changes in net assets 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.

97 North Main St., PO Box 1219, Gloversville, NY 12078-0354 ▪ 60 Railroad Place, Suite 302, Saratoga Springs, NY 12866
www.westcpapc.com

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, 2016 and 2015, 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
March 22, 2017

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

- ASSETS -	2016	2015
ASSETS:		
Cash	$ 760,448	$ 524,018
Other receivables	16,683	13,242
Accrued Revenue	14,030	0
Prepaid expenses	0	8,221
Total current assets	791,161	545,481
PROPERTY AND EQUIPMENT - NET	355,778	0
TOTAL ASSETS	$ 1,146,939	$ 545,481

- LIABILITIES AND NET ASSETS -

	2016	2015
LIABILITIES:		
Accounts payable	$ 6,087	$ 9,087
Accrued expenses	17,539	67,579
Deferred revenue	125,000	50,000
Total liabilities	148,626	126,666
NET ASSETS:		
Unrestricted	998,313	418,815
Total net assets	998,313	418,815
TOTAL LIABILITIES AND NET ASSETS	$ 1,146,939	$ 545,481

See accompanying notes.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
REVENUES		
Program income	$ 188,037	$ 197,327
Administrative revenue	42,721	12,032
Management fee income CIC	3,670	108,357
Rental income	5,600	0
Miscellaneous	54,246	7,068
Total revenue	294,274	324,784
EXPENSES		
General and administrative	421,555	526,621
Depreciation and amortization	5,490	189
Total expenses	427,045	526,810
OTHER INCOME		
Contribution revenue	358,200	0
Proceeds from lawsuit settlement	354,069	0
Total other income	712,269	0
CHANGE IN NET ASSETS	$ 579,498	$ (202,026)
NET ASSETS AT BEGINNING OF THE YEAR	$ 418,815	$ 620,766
Change in net assets for the year	579,498	(202,026)
Other changes in net assets	0	75
NET ASSETS AT END OF THE YEAR	$ 998,313	$ 418,815

See accompanying notes.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 579,498	$ (201,951)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,490	189
Non-cash charitable contribution	(358,200)	0
(Increase) decrease in:		
Other receivables	(3,441)	527,758
Prepaid expenses	8,221	(6,873)
Accrued revenue	(14,030)	0
Increase (decrease) in:		
Accounts payable	(3,000)	5,484
Accrued expenses	(50,040)	24
Deferred revenue	75,000	50,000
Net cash provided by operating activities	239,498	374,631
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(3,068)	0
Net cash provided (used) by investing activities	(3,068)	0
NET INCREASE IN CASH	236,430	374,631
CASH UNRESTRICTED AND RESTRICTED - BEGINNING	524,018	149,387
CASH UNRESTRICTED AND RESTRICTED - ENDING	$ 760,448	$ 524,018

See accompanying notes.

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, as the successor to Fulton County Economic Development Corporation (FCEDC), which was formed on September 1, 1955, under the not for profit laws of the State of New York. 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, and include:

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.

The Organization shares facilities and staffing with Crossroads Incubator Corporation and Crossroads Two Incubator Corporation (together "CIC") and shares their mission of supporting economic development in Fulton County.

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).

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

Basis of Accounting and Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – are net assets that are not subject to imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the grantor.

Temporarily restricted net assets – are net assets subject to imposed restrictions that may or will be met by actions of the Organization or that expire with the passage of time.

Permanently restricted net assets – are net assets subject to grantor-imposed restrictions that they be maintained permanently by the Organization.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund.

Due to the nature of fund accounting, when expenses are incurred related to programs in the temporarily restricted funds (as noted below) asset transfers are reflected as net assets released from restriction on the statement of activities.

Operating Fund – Unrestricted

The operating fund is the general operating fund of the Organization. It is used to account for unrestricted resources used in economic development activities not accounted for in another fund group.

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 temporarily restricted grants funds.

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

Investments

All investments in publicly traded debt securities and equity securities are stated at fair value. Fair value is determined using quoted market prices. All realized gains and losses are recognized on specifically identified investments when securities are sold.

In accordance with generally accepted accounting principles, the Organization reflects investments at fair value in the statement of financial position. Interest, dividends, gains and losses on investments are reflected in the statement of activities.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as deferred revenue until the funds are expended for the designated purpose. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire during the fiscal years in which the contributions are recognized.

Contributions of donated tangible noncash assets are recorded at their fair values in the period received. The Organization has adopted the Revenue Recognition for Not-For-Profit Entities Topic of the FASB Accounting Standards Codification. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Fair Value Measurements

The Organization follows financial accounting standards related to fair value measurements and disclosures which provides a fair value hierarchy, which prioritizes information used to measure fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy for inputs used in measuring fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect on the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs.

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. Examples of assets carried at the Level 1 fair value generally are equity securities listed in active markets and investments in publicly traded mutual funds with quoted market prices.

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

Fair Value Measurements – (Continued)

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset/liability's anticipated life.

Level 3 – Inputs are unobservable and cannot be corroborated by observable market data. Inputs generally reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in this valuation technique and the risk inherent in the inputs to the model.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair-value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair-value is greatest for instruments categorized in Level 3. In certain cases, for disclosure purposes the level in the fair-value hierarchy with which the fair-value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair-value measurement in its entirety.

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.

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, 2014, 2015 and 2016, 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 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.

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.

NOTE 3 – PROPERTY AND EQUIPMENT

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

	2016	2015
Land, building, and building improvements	$ 361,268	$ 0
Computers and equipment	850	850
Total cost	362,118	850
Less: Accumulated depreciation	(6,340)	(850)
Property and equipment, net	$ 355,778	$ 0

Depreciation expense for the years ended December 31, 2016 and 2015, were $5,490 and $189, respectively.

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 and FCEDC related to these transactions during 2016 and 2015 was $-0-.

In addition, CRG reimburses CIC for certain employee wages related to time spent providing accounting and bookkeeping services for CRG. During 2016 and 2015, the Organization received $-0-, in management fee income from CIC. Finally, CRG rented office space from CIC in 2015. Rental expenses for 2015 approximated $7,913. CRG did not rent office space from CIC in 2016. Total balances receivable from CIC at December 31, 2016 and 2015, were $10,982 and $-0-, respectively.

NOTE 5 – DONATION OF FACILITY

During fiscal year 2016, CRG received, as a donation, its current facility located at 34 West Fulton Street, Gloversville, New York. Management has estimated the market value of this 37,250 square foot former manufacturing and administrative facility to be $358,200, and has recorded this as part of its property and equipment.

NOTE 6 – 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 $12,183 and $12,969 for the years ended December 31, 2016 and 2015, respectively.

NOTE 7 – CONTINGENCIES

During fiscal year 2016, the Organization settled its litigation with the City of Gloversville, New York. The conclusion of this action resulted in $354,069 in proceeds to CRG.

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.

NOTE 8 – OTHER CHANGES IN NET ASSETS

In 2015, there was an other change in net assets for $75 to account for a 2014 miscellaneous revenue.

NOTE 9 – 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.