

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Fulton County Center for Regional Growth, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fulton County Center for Regional Growth, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fulton County Center for Regional Growth, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fulton County Center for Regional Growth, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fulton County Center for Regional Growth, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fulton County Center for Regional Growth, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*WEST & COMPANY CPAs PC*

Gloversville, New York  
March 23, 2022

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

<b>- <u>ASSETS</u> -</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>ASSETS:</b>		
Cash	\$ 665,145	\$ 501,975
Cash - restricted	63,461	38,461
Grant receivable	0	546,140
Receivables	25,676	34,502
Accrued revenue	16,667	23,671
Prepaid expenses	13,000	0
<b>Total current assets</b>	<b>783,949</b>	<b>1,144,749</b>
<b>PROPERTY AND EQUIPMENT - NET</b>	<b>285,567</b>	<b>300,000</b>
<b>INVESTMENT PROPERTY</b>	<b>149,242</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,218,758</b>	<b>\$ 1,444,749</b>
<b>- <u>LIABILITIES AND NET ASSETS</u> -</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 3,868	\$ 16,631
Note payable	149,100	382,864
Accrued expenses	24,875	23,190
Deferred revenue	10,987	221,482
<b>Total current liabilities</b>	<b>188,830</b>	<b>644,167</b>
<b>NET ASSETS:</b>		
Without donor restrictions	1,029,928	800,582
<b>Total net assets</b>	<b>1,029,928</b>	<b>800,582</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,218,758</b>	<b>\$ 1,444,749</b>

See accompanying notes.

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

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>REVENUES</b>		
Program income	\$ 420,719	\$ 310,993
Administrative revenue	116,778	25,901
Management fee income	1,293	15,757
Rental income	24,137	26,135
Contributions	1,000	116,483
Grant income	280,928	530,216
Other income - PPP	0	44,468
Membership dues	34,329	50,658
Miscellaneous	2,979	7,621
	<b>882,163</b>	<b>1,128,232</b>
<b>EXPENSES</b>		
Salaries and wages	279,003	264,326
Payroll taxes and fringes	59,811	50,407
Impairment loss	0	595,527
Occupancy	82,252	73,621
Marketing and advertising	158,665	107,579
Office expenses	24,997	19,899
Professional fees	33,353	26,653
Insurance - general	9,586	17,134
General and administrative	1,142	1,681
Interest expense	4,008	8,253
	<b>652,817</b>	<b>1,165,080</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 229,346</b>	<b>\$ (36,848)</b>
<b>NET ASSETS AT BEGINNING OF THE YEAR</b>	<b>\$ 800,582</b>	<b>\$ 837,430</b>
Change in net assets for the year	229,346	(36,848)
<b>NET ASSETS AT END OF THE YEAR</b>	<b>\$ 1,029,928</b>	<b>\$ 800,582</b>

See accompanying notes.

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

**STATEMENTS OF FUNCTIONAL EXPENSES**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>EXPENSES</b>	<b>2021</b>		<b>Totals</b>
	<b>Program Activities</b>	<b>Management and General</b>	
Salaries and wages	\$ 243,207	\$ 35,796	\$ 279,003
Payroll taxes and fringes	52,137	7,674	59,811
Occupancy	74,021	8,231	82,252
Marketing and advertising	158,665	0	158,665
Office expenses	12,499	12,498	24,997
Professional fees	13,201	20,152	33,353
Insurance - general	4,793	4,793	9,586
General and administrative	0	1,142	1,142
Interest expense	3,607	401	4,008
<b>TOTAL EXPENSES</b>	<b>\$ 562,130</b>	<b>\$ 90,687</b>	<b>\$ 652,817</b>

<b>EXPENSES</b>	<b>2020</b>		<b>Totals</b>
	<b>Program Activities</b>	<b>Management and General</b>	
Salaries and wages	\$ 230,413	\$ 33,913	\$ 264,326
Payroll taxes and fringes	43,940	6,467	50,407
Impairment loss	0	595,527	595,527
Occupancy	66,259	7,362	73,621
Marketing and advertising	107,579	0	107,579
Office expenses	9,950	9,949	19,899
Professional fees	10,587	16,066	26,653
Insurance - general	8,567	8,567	17,134
General and administrative	0	1,681	1,681
Interest expense	7,428	825	8,253
<b>TOTAL EXPENSES</b>	<b>\$ 484,723</b>	<b>\$ 680,357</b>	<b>\$ 1,165,080</b>

See accompanying notes.

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

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 229,346	\$ (36,848)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	14,432	21,451
(Increase) decrease in:		
Receivables	554,966	(573,067)
Prepaid expenses	(13,000)	1,355
Accrued revenue	7,004	4,182
Increase (decrease) in:		
Accounts payable	(12,763)	10,276
Accrued expenses	1,685	3,125
Deferred revenue	(210,495)	164,987
	<u>571,175</u>	<u>(404,539)</u>
<b>Net cash provided (used) by operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	0	(576,260)
Impairment loss	0	595,527
Acquisition of investment property	(149,242)	0
	<u>(149,242)</u>	<u>19,267</u>
<b>Net cash provided (used) by investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds from short-term debt- Net	(233,763)	382,864
	<u>(233,763)</u>	<u>382,864</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	188,170	(2,408)
<b>CASH UNRESTRICTED AND RESTRICTED - BEGINNING</b>	<u>540,436</u>	<u>542,844</u>
<b>CASH UNRESTRICTED AND RESTRICTED - ENDING</b>	<u>\$ 728,606</u>	<u>\$ 540,436</u>
<b>RECONCILIATION TO STATEMENTS OF NET POSITION</b>		
<b>CASH</b>	\$ 665,145	\$ 501,975
<b>CASH - RESTRICTED</b>	<u>63,461</u>	<u>38,461</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 728,606</u>	<u>\$ 540,436</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ 4,008	\$ 8,253

See accompanying notes.



# FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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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.

On July 3, 2019, the Organization formed FCCRG Projects, LLC under the laws of the State of New York. This entity is a wholly owned limited liability company. As such it is treated as a disregarded entity for financial and tax reporting purposes and is included in the financial and tax reports of the Fulton County Center for Regional Growth, Inc.

#### **Activities**

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 education along with the administration of governmental grants, projects and loan pools, in cooperation with Gloversville Economic Development Corporation, Mohawk Valley Economic Development District, Inc., Pursuit, New York State Empire State Development, Corp., and Fulton County Industrial Development Agency, among others, from its 29,500 square foot facility at 34 West Fulton Street in Gloversville, New York, and also includes promoting Fulton County Projects through:

#### **Primary Development Areas:**

**Tryon** – This tract is a 100 plus acre tract of land in Fulton County owned by Fulton County Industrial Development Agency. This tract of land is available for sale and development.

**Hales Mills** – This tract is a 490 plus acre tract of land in the town of Johnstown, Fulton County and is owned by two property owners in the Hales Mills Development District. This tract of land is available for sale and development.

**Vails Mills** – This tract offers opportunities for infill development in the Hamlet of Vails Mills located at the intersection of State Routes 29 and 30.

#### **Shovel Ready Sites:**

**Tryon Technology Park** – The 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.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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**NOTE 1 – NATURE OF OPERATIONS – (CONTINUED)**

**Shovel Ready Sites – (Continued):**

**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.

**Financing:**

**Microenterprise Grant Program** – This is to assist small businesses with up to \$25,000 in grants to assist with startup or expansion costs which create jobs in the Fulton County area.

**Cares Act Microenterprise Grant** – A microenterprise grant up to \$75,000 for businesses that were affected by COVID.

**The JDA Ag Loan Program** – a six county loan fund administered by CRG for most agricultural uses. Maximum loan is \$200,000.

**Loans** – There are direct revolving loan pools which the Organization administers to finance eligible project costs determined on a case by case basis. This includes the City of Gloversville Loan Fund, Johnstown Urban Development Action Grant Loan Fund, and the Fulton County Loan Fund.

**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.

**Basis of 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 whereby the donor has stipulated that the funds be maintained in perpetuity. The Organization had no net assets with donor restriction as of December 31, 2021 and 2020.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

**Revenue Recognition**

The Organization adopted ASC Topic 606, *Revenue from Contracts with Customers*, on January 1, 2019. The Organization's financial results for reporting periods beginning January 1, 2019, are presented under the new accounting standard. Based on the manner in which the Organization historically recognized revenue, the adoption of ASC Topic 606 did not have a material impact on the amount or timing of its revenue recognition and the Organization recognized no cumulative effect adjustment upon adoption.

**Program Revenue:** The Organization has a contract with Fulton County to perform marketing and economic development services. As per the contract, the Organization is reimbursed for services provided and recognizes revenue as the terms of the contract are met.

**Administrative Revenue:** The Organization administers loan funds as noted in Note 1. Administrative revenue is recognized when loan activity occurs.

**Rental Income:** The Organization rents out office space on a monthly basis. Rental income is recognized when rent is received.

**Membership Dues:** The Organization receives membership dues. Revenue is recognized over the period of the membership.

**Miscellaneous Income:** The Organization classifies small grant revenue and interest income in miscellaneous revenue. The Organization receives small grants from time to time and recognizes revenue as it meets the grant terms and requests draw downs. Interest income is recognized as earned.

**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 they are received and reported 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. Contributions 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

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

**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 12 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.

**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.

**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. Total advertising costs as of December 31, 2021 and 2020 was \$158,665 and \$107,579, respectively.

**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, 2019, 2020 and 2021, are subject to U.S. federal and New York State income tax examination by tax authorities.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

**Income Taxes – (Continued)**

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 December 31, 2021.

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.

**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	\$ 665,145
Accounts receivable	38,676
Accrued revenue	<u>16,667</u>
Total	<u>\$ 720,488</u>

The Organization has \$720,488 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

**NOTE 3 – PROPERTY AND EQUIPMENT**

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

	<u>2021</u>	<u>2020</u>
Land, building, and building improvements	\$ 355,615	\$ 355,615
Less: Accumulated depreciation	<u>(70,048)</u>	<u>(55,615)</u>
Property and equipment, net	<u>\$ 285,567</u>	<u>\$ 300,000</u>

Depreciation expense for the years ended December 31, 2021 and 2020, were \$14,432 and 21,451, respectively.

**NOTE 4 – INVESTMENT PROPERTY**

The Fulton County Center for Regional Growth Project, LLC, received a donation of 52 Church Street, Gloversville, New York. The Agency has spent additional funds on the building and it is considered available for sale.

**NOTE 5 – RELATED PARTIES**

CRG shares facilities and staffing with Crossroads Incubator Corporation and Fulton County Economic Development Corporation and shares their mission of supporting economic development in Fulton County. Crossroads Incubator Corporation filed for bankruptcy protection during 2019.

The Organization received \$1,293 from Fulton County Economic Development Corporation and \$15,757 from Crossroads Incubator Corporation and Fulton County Economic Development Corporation in management fee income during 2021 and 2020, respectively. CRG does not carry any balances due from or to these related parties.

**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 \$10,662 and \$9,810 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 7 – NOTES PAYABLE**

During the fiscal year 2020, the Organization received a loan for \$500,000 from Community Loan Fund. The loan requires monthly interest only payments with principal reduction payments upon receipt of funds from the approved \$425,000 NYS Office Urban Development Corporation/Empire State Development and the approved \$300,000 NYS Office of Urban Development Corporation/Empire State Development and the approved \$50,000 National Grid Business Incubator Restoration grant. The loan has an interest rate of 5.5% fixed and has a maturity date of November 1, 2021.

At December 31, 2021 and 2020, the principal balance was \$-0- and \$382,864, respectively.

During the fiscal year 2021, the Organization received a loan from the City of Gloversville Loan Fund up to \$200,000, with a 0% interest rate. As of December 31, 2021, the Organization has borrowed \$149,100. This note is due on demand upon the sale of the asset at 52 Church Street, Gloversville, New York.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

**NOTE 8 – FAIR VALUE OF ASSETS AND LIABILITIES**

As required by FASB ASC, *Fair Value Measurements*, the Company is required to value equity and debt securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades or other sources;
- B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectation about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Assets and liabilities itemized below were measured at fair value during the year ended using the market approach.

**Fair Value Measurements Using**

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b><u>December 31, 2021</u></b>				
Note Payable	\$ 149,100	\$ 0	\$ 149,100	\$ 0
<b><u>December 31, 2020</u></b>				
Note Payable	\$ 382,864	\$ 0	\$ 382,864	\$ 0

**NOTE 9 – 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.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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**NOTE 10 – CONCENTRATIONS OF CREDIT RISK**

The carrying value of cash, accounts receivable, accounts payable, and accrued expenses approximate fair market value due to the short-term nature of these financial instruments. Financial instruments that potentially subject the Organization to a concentration of credit risk consist primarily of cash and accounts receivable.

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, 2021 and 2020, the Organization's cash balances exceeded the insured limit by \$6,292 and \$6,443, respectively.

Concentration of credit risk with respect to accounts receivable and accrued revenue is limited to certain customers to whom the Organization periodically makes substantial sales. The majority of the Organization's program revenue is from governmental sources.

**NOTE 11 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

The Company obtained a PPP loan on April 16, 2020, in the amount of \$44,468. This loan is a part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, which is intended to provide fast and direct economic assistance for American workers, families, and small businesses, and to help preserve jobs for American industries. These loans have the potential to be forgiven if the proceeds are used for qualifying expenses, and other provisions are met during the covered period, which can be up to 24 weeks from the PPP loan disbursement date. The qualifying expenses are payroll, which include health insurance and retirement benefits. Other qualifying expenses are rent, utilities, and mortgage interest. At least 60% of the costs need to be spent on payroll and payroll-related expenses and no more than 40% on the other costs. Any amount that is not forgiven under the program needs to be repaid over a two-year period subsequent to the initial disbursement, including a six month no payment deferral period.

During the fiscal year 2020, the Organization elected to account for the loan forgiveness as a government grant by analogy to the International Accounting Standard 20 in the full amount of the loan since there is reasonable assurance that the conditions had been met as of December 31, 2020. The loan forgiveness was recorded as grant income of \$44,468 as reflected on the statement of activities.

The Organization applied for and received full forgiveness of the loan on July 29, 2021.

**NOTE 12 – IMPAIRMENT LOSS**

During the fiscal year 2020, the Organization spent \$576,259 on expenditures that were required to maintain and stabilize the structure at 34 West Fulton Street, Gloversville, New York, but did not add to the market value of the property. The property was previously donated in 2016 and recorded at its estimated value of \$358,200. Based on broker opinion letter, the property is valued at \$300,000. Following U.S. accounting standards, management and the Board have agreed to record an impairment of \$595,527 to bring the property's carrying amount down to \$300,000.

**NOTE 13 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through the date at which the financial statements were available for issuance. There were no issues to report that would have a material effect on the issued financial statements.