

**TIOGA COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

Owego, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2020**



TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tioga County Industrial Development Agency
Owego, New York

Report on Financial Statements

We have audited the accompanying financial statements of the Tioga County Industrial Development Agency (the Agency), a component unit of the County of Tioga, New York, as of and for the years ended December 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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 opinions 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 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 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 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 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 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 respective financial position of the Tioga County Industrial Development Agency as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the year 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 4-4e 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, or 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 opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Projects and the Schedule of Loans Receivable are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedule of Projects and the Schedule of Loans Receivable are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Projects and the Schedule of Loans Receivable are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2021, on our consideration of the Agency'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 the effectiveness of the Agency's 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 the Agency's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Inero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 16, 2021

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

The Tioga County Industrial Development Agency (the Agency), a component unit of Tioga County, New York, was created to encourage economic growth in Tioga County.

Mission: The Tioga County Industrial Development Agency was created to promote, develop, encourage, and assist in acquiring, construction, maintaining, equipping, and furnishing certain types of projects and facilities, to advance the job opportunities, health, general prosperity, economic welfare, and recreation opportunities of the citizens of Tioga County.

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Agency's financial position as of December 31, 2020 and the result of its operations for the year then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related footnotes of the Agency, which directly follow the MD&A.

FINANCIAL HIGHLIGHTS

- Total cash of \$2,951,445 in 2020 decreased from cash of \$3,468,661 in 2019. As noted below, the primary cause of the decrease was due to a decrease in accounts payable, offset by an increase in the amount due to Tioga County to administer the Emergency Relief Loan Program Fund (on behalf of Tioga County).
- Total revenue of \$560,039 in 2020 decreased from revenue of \$949,706 in 2019, primarily as a result of the decrease in grant income.
- Total expenses of \$575,661 in 2020 decreased from expenses of \$979,888 in 2019, primarily due to a decrease in contractual expenses.
- Net position for the year ended December 31, 2020 amounted to \$6,130,873, reflecting a decrease of \$15,622 from net position of \$6,146,495 at December 31, 2019.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The financial statements of the Tioga County Industrial Development Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements consist of a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; a Statement of Cash Flows; and accompanying notes. These statements provide information on the financial position of the Agency and the financial activity and results of its operations during the year. A description of the Agency's financial statements follows:

- The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Agency is improving or deteriorating.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

- The Statement of Revenues, Expenses, and Changes in Net Position presents information showing the change in the Agency's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement include all items that will result in cash received or disbursed in future fiscal periods.
- The Statement of Cash Flows provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, non-capital financing, capital financing, and investing activities.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the Agency's activities.

Figure 1

Condensed Statement of Net Position	The Agency			Total Dollar Change
	2018	2019	2020	2019-2020
<i>Current Assets:</i>				
<i>Cash and Cash Equivalents</i>	\$ 2,823,297	\$ 3,468,661	\$ 2,951,445	\$ (517,216)
<i>Investments</i>	849,759	859,563	864,261	4,698
<i>Accounts Receivable</i>	810,521	453,517	523,865	70,348
<i>Revolving Loans Receivable, Current, Net</i>	77,488	87,709	114,785	27,076
Total Current Assets	4,561,065	4,869,450	4,454,356	(415,094)
<i>Noncurrent Assets:</i>				
<i>Capital Assets, Net</i>	2,255,420	2,251,133	2,232,614	(18,519)
<i>Revolving Loans Receivable, Noncurrent</i>	462,808	512,952	479,298	(33,654)
Total Assets	7,279,293	7,633,535	7,166,268	(467,267)
<i>Current Liabilities:</i>				
<i>Accounts Payable and Accrued Liabilities</i>	464,101	887,417	52	(887,365)
<i>Due to County</i>	-	-	475,000	475,000
<i>Loans Payable, Current</i>	38,892	39,281	39,673	392
Total Current Liabilities	502,993	926,698	514,725	(411,973)
<i>Noncurrent Liabilities:</i>				
<i>Loans Payable, Noncurrent</i>	599,623	560,342	520,670	(39,672)
Total Liabilities	1,102,616	1,487,040	1,035,395	(451,645)
<i>Net Investment in Capital Assets</i>	2,255,420	2,251,133	2,232,614	(18,519)
<i>Restricted</i>	540,516	1,048,921	897,606	(151,315)
<i>Unrestricted</i>	3,380,741	2,846,441	3,000,653	154,212
Total Net Position	\$ 6,176,677	\$ 6,146,495	\$ 6,130,873	\$ (15,622)

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Comparison of 2020 to 2019

The decrease in cash relates to a decrease in accounts payable, offset by an increase in amounts due to Tioga County. The decrease in capital assets, net, is due to the increase in accumulated depreciation based on useful lives. The increase in accounts receivable is due to the timing of payments being received by others.

The decrease in accounts payable is due to the timing of Payment in Lieu of Taxes (PILOT) payment obligations. The decrease in loans payable is due to annual principal payments in accordance with amortization schedules.

The decrease in net investment in capital assets is mainly due to the increase in accumulated depreciation based on useful lives. The decrease in restricted net position is a result of the decrease in restricted cash due to PILOT payments being made timelier.

The net effect was a decrease in total net position of \$15,622.

Comparison of 2019 to 2018

The increase in cash relates to the decrease in accounts receivable. The decrease in accounts receivable is due to an adjustment for the Waverly Trade Center DOT Grant. The increase in Revolving Loans Receivable is due to giving new loans during the year, offset by principal payments received based on amortization schedules. The decrease in capital assets, net, is due to the purchase of land offset by the increase of accumulated depreciation based on the useful lives of assets.

The increase in accounts payable is due to increased PILOT payment obligations, offset partly by an adjustment for the Waverly Trade Center DOT Grant. The decrease in loans payable is due to annual principal payments in accordance with amortization schedules.

The decrease in net investment in capital assets is mainly due to the purchase of land offset by the increase of accumulated depreciation based on the useful lives of assets. The increase in restricted net position is a result of the increase in restricted cash for PILOT payments not yet made.

The net effect was a decrease in total net position of \$30,182.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Our analysis in *Figure 2* considers the operations of the Agency's activities.

Figure 2

Changes in Net Position	The Agency			Total Dollar Change
	2018	2019	2020	2019-2020
<i>Operating Revenues:</i>				
<i>Charges for Services</i>	\$ 456,056	\$ 240,888	\$ 264,577	\$ 23,689
<i>Grant Income</i>	2,355,888	660,384	267,845	(392,539)
<i>Loan Interest Earned</i>	14,345	15,956	14,846	(1,110)
<i>Non-Operating Revenues</i>	22,673	32,478	12,771	(19,707)
Total Revenues	2,848,962	949,706	560,039	(389,667)
<i>Operating Expenses:</i>				
<i>Contractual Expenses</i>	862,825	906,794	497,087	(409,707)
<i>Loan Program Expenses</i>	150	105	222	117
<i>Depreciation</i>	21,287	21,287	20,971	(316)
<i>Interest Expense</i>	6,770	6,385	5,996	(389)
<i>Personnel Services</i>	59,691	45,317	51,385	6,068
<i>Non-Operating Expenses:</i>				
<i>Transfer of Wastewater Treatment Plant</i>	2,899,623	-	-	-
Total Expenses	3,850,346	979,888	575,661	(404,227)
Change in Net Position	\$ (1,001,384)	\$ (30,182)	\$ (15,622)	\$ 14,560

Comparison of 2020 to 2019

Total revenues of the Agency decreased \$389,667. The decrease in grant income during the year is due to a reduction in grant funds, along with the decrease in charges for services from loan and PILOT fees.

Total expenses of the Agency decreased \$404,227. The decrease in expenses is mainly a result of the Upstate Shredding disbursement in 2019 of \$465,000 that did not occur in 2020.

Comparison of 2019 to 2018

Total revenues of the Agency decreased \$1,899,256. The decrease in grant income during the year is due to a reduction in grant funds, along with the decrease in charges for services from loan and PILOT fees.

Total expenses of the Agency decreased \$2,870,458. The decrease in expenses is mainly a result of the transfer of the Wastewater Treatment Plant that was completed in 2018, along with a decrease in personnel services and offset by the increase in contractual expenses.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During 2020, the Capital Assets total balance was \$2,232,614. This amount represents a net decrease (including additions, deletions, and depreciation) of \$18,519 compared to last year, due to an increase in accumulated depreciation based on useful lives.

During 2019, the Agency demolished a house on its property. This amount represents a net decrease (including additions, deletions, and depreciation) of \$4,287 compared to last year.

Figure 3

	<i>The Agency</i>			<i>Total Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
<i>Land - 434</i>	\$ 376,800	\$ 376,800	\$ 376,800	\$ -
<i>Land - General</i>	1,073,378	1,090,378	1,090,378	-
<i>Land - Archaeological Studies</i>			2,452	2,452
<i>Railroad Improvements</i>	1,979,331	1,979,331	1,979,331	-
<i>Equipment</i>	1,701	1,701	1,701	-
<i>Accumulated Depreciation</i>	(1,175,790)	(1,197,077)	(1,218,048)	(20,971)
<i>Totals</i>	\$ 2,255,420	\$ 2,251,133	\$ 2,232,614	\$ (18,519)

Debt Administration

Debt, both short and long-term, considered a liability, decreased by \$39,280 in 2020, as shown in *Figure 4*. This decrease resulted from annual principal payments made during the year based on amortization schedules. Debt decreased by \$38,892 in 2019, due to principal payments made.

Figure 4

	<i>The Agency</i>			<i>Total Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
<i>Loans Payable</i>	\$ 638,515	\$ 599,623	\$ 560,343	\$ (39,280)
<i>Totals</i>	\$ 638,515	\$ 599,623	\$ 560,343	\$ (39,280)

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

FACTORS BEARING ON THE AGENCY'S FUTURE

TCIDA will continue to increase job opportunities and improve the quality of life in our community. TCIDA will continue ongoing administration of PILOT Agreements and Loan Programs. TCIDA will be the administrator of the Homes & Community Renewal grant to Improve Key Facades and Support the Business Community resulting from the Downtown Revitalization Initiative awarded to the Village of Owego. TCIDA will continue to develop shovel ready sites and attract new businesses. TCIDA will continue compliance with all provisions of the Public Authority Accountability Act by diligent oversight of operations. TCIDA will continue partnership with Tioga County's Economic Development & Planning Department and Local Development Corporation for collaboration and success.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's clients, investors, and creditors with a general overview of the Agency's finances and demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Tioga County Industrial Development Agency, 56 Main Street #205, Owego, New York 13827.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION DECEMBER 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,053,839	\$ 2,419,740
Restricted Cash and Cash Equivalents	897,606	1,048,921
Investments	864,261	859,563
Accounts Receivable	523,865	453,517
Revolving Loans Receivable, Current Portion, Net	<u>114,785</u>	<u>87,709</u>
Total Current Assets	<u>4,454,356</u>	<u>4,869,450</u>
Noncurrent Assets		
Land and Non-Depreciable Capital Assets	1,469,630	1,467,178
Depreciable Capital Assets, Net	762,984	783,955
Revolving Loans Receivable, Net of Current Portion	<u>479,298</u>	<u>512,952</u>
Total Noncurrent Assets	<u>2,711,912</u>	<u>2,764,085</u>
Total Assets	<u>7,166,268</u>	<u>7,633,535</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	52	887,417
Due to County	475,000	-
Loans Payable, Current Portion	<u>39,673</u>	<u>39,281</u>
Total Current Liabilities	514,725	926,698
Noncurrent Liabilities		
Loans Payable, Noncurrent Portion	<u>520,670</u>	<u>560,342</u>
Total Liabilities	<u>1,035,395</u>	<u>1,487,040</u>
NET POSITION		
Net Investment in Capital Assets	2,232,614	2,251,133
Restricted	897,606	1,048,921
Unrestricted	<u>3,000,653</u>	<u>2,846,441</u>
Total Net Position	<u>\$ 6,130,873</u>	<u>\$ 6,146,495</u>

See Notes to Financial Statements

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Charges for Services	\$ 264,577	\$ 240,888
Grant Income	267,845	660,384
Loan Interest Earned	<u>14,846</u>	<u>15,956</u>
Total Operating Revenues	<u>547,268</u>	<u>917,228</u>
Operating Expenses		
Contractual Expenses	497,087	906,794
Loan Program Expenses	222	105
Depreciation	20,971	21,287
Interest Expense	5,996	6,385
Personnel Services	<u>51,385</u>	<u>45,317</u>
Total Operating Expenses	<u>575,661</u>	<u>979,888</u>
Operating Gain (Loss)	<u>(28,393)</u>	<u>(62,660)</u>
Non-Operating Revenues (Expenses)		
Investment Interest	<u>12,771</u>	<u>32,478</u>
Total Non-Operating Revenues (Expenses)	<u>12,771</u>	<u>32,478</u>
Change in Net Position	(15,622)	(30,182)
Net Position, January 1,	<u>6,146,495</u>	<u>6,176,677</u>
Net Position, December 31,	<u><u>\$ 6,130,873</u></u>	<u><u>\$ 6,146,495</u></u>

See Notes to Financial Statements

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Cash Received from Providing Services	\$ 476,920	\$ 1,274,232
Cash Payments - Contractual Expenses	(1,442,055)	(535,285)
Cash Received from Tioga County	475,000	-
Cash Advances to Loan Program Recipients	(218,883)	(180,000)
Cash Received from Loan Program Repayments	<u>225,461</u>	<u>119,635</u>
Net Cash Provided (Used) by Operating Activities	<u>(483,557)</u>	<u>678,582</u>
Net Cash From Capital and Related Financing Activities		
Repayments of Loans Payable	<u>(39,280)</u>	<u>(38,892)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(39,280)</u>	<u>(38,892)</u>
Cash Flows From Investing Activities		
Capital Asset Additions	(2,452)	(17,000)
Investment in Certificates of Deposit	(4,698)	(9,804)
Interest Received	<u>12,771</u>	<u>32,478</u>
Net Cash Provided (Used) by Investing Activities	<u>5,621</u>	<u>5,674</u>
Net Change in Cash and Cash Equivalents	(517,216)	645,364
Cash and Cash Equivalents, January 1,	<u>3,468,661</u>	<u>2,823,297</u>
Cash and Cash Equivalents, December 31,	<u><u>\$ 2,951,445</u></u>	<u><u>\$ 3,468,661</u></u>
Operating Loss	\$ (28,393)	\$ (62,660)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) by in Operating Activities:		
Depreciation Expense	20,971	21,287
Changes in Assets and Liabilities:		
Accounts Receivable	(70,348)	357,004
Loans Receivable	6,578	(60,365)
Accounts Payable and Accrued Liabilities	(887,365)	423,316
Due to County	<u>475,000</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (483,557)</u></u>	<u><u>\$ 678,582</u></u>

See Notes to Financial Statements

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies**

The financial statements of Tioga County Industrial Development Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing U.S GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Agency's accounting policies are described below.

Financial Reporting Entity

The Agency was created in 1971 by the New York State Legislature under the mandate of Article 18-A, "New York State Industrial Development Agency Act" of New York State municipal law for the purpose of advancing job opportunities, health, general prosperity, and economic welfare of the people of Tioga County. The Agency also works to improve current recreation opportunities, posterity, and standard of living. The Agency is exempt from federal, state, and local income taxes. Although established by the Tioga County Board of Representatives, the Agency is a separate entity and operates independently of the County. The Agency is considered a component unit of Tioga County.

The financial reporting entity consists of (a) the primary government which is the Tioga County Industrial Development Agency, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 85, "Omnibus 2017."

The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended.

Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned. Expenses are recorded when the liability is incurred.

Cash and Cash Equivalents

The Agency considers all highly liquid investments having an original maturity of three months or less to be cash equivalents.

Investments

Investments consist of Certificates of Deposit and are stated at fair value, which approximate cost.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Loans Receivable

The Agency commenced administering a loan program effective January 1, 2010. The program has revolving loan funds, which were created to provide low interest loans to start-up and expanding businesses in Tioga County. The loans must involve direct job retention or creation, which will strengthen the economic base of Tioga County. In 2011, after a disastrous flood, the Agency also provided short-term interest free loans for businesses sustaining significant damage as a result of the flood. During 2013, the Agency commenced administering a commercial façade loan program. During 2020, the Agency commenced administering an Emergency Relief Loan Program.

The Agency administers the operation of the revolving loan program on behalf of the County of Tioga County Local Development Corporation for the Commercial Façade Loan Program (CFLP), the United States Department of Agriculture (USDA) for the Intermediary Relending Program (IRP), and the Rural Business Development Grants (RBEG).

Allowance for Uncollectible Loans

The Agency follows the policy of evaluating its loans receivable to adequately reserve for anticipated losses. Although management believes all the loans receivable are collectible, an allowance account of \$35,000 has been established for each of the years ended December 31, 2020 and 2019.

Capital Assets

All capital asset purchases are recorded at historical cost or fair market value at the date of acquisition. Depreciation is recorded on a straight-line basis over the assets' estimated useful life of 5 to 39 years. The Agency's policy is to capitalize all additions greater than \$1,000 with a useful life of more than 5 years.

Equity Classifications - Statement of Net Position

- Net Investment in Capital Assets - Consists of capital assets (including restricted capital assets), net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "net investment in capital assets" or "restricted."

Fee Income, Grant, and Contract Support

The Agency charges a service fee for each project, the proceeds of which are intended to offset Agency expenses and fund continuing operations.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Non-Operating Revenues

Non-operating activities include gains or losses on disposal of capital assets and investment income.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Note 2* Deposits and Investments**

State statutes govern the Agency's investment policies. In addition, the Agency has its own written investment policy. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Total bank balances of the Agency of \$3,039,198 and \$3,548,872 at December 31, 2020 and 2019 were covered by FDIC insurance up to \$250,000. As of December 31, 2020 and 2019, all deposits with financial institutions were either insured or collateralized with securities held by the pledging financial institution in the Agency's name.

Restricted cash includes grant and loan proceeds, and PILOT payments to be distributed.

***Note 3* Investments**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, "Fair Value Measurements and Disclosures," established a framework for measuring fair value. That framework established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under GASB ASC 820 are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 3 Investments - Continued

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from or corroborated observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Agency had the following investments stated at fair value at December 31, 2020:

Type of Investment	Cost	Carrying Amount Fair Value	Level
Certificate of Deposit	\$ 545,414	\$ 545,414	(2)
Certificate of Deposit	318,847	318,847	(2)

The Agency had the following investments stated at fair value at December 31, 2019:

Type of Investment	Cost	Carrying Amount Fair Value	Level
Certificate of Deposit	\$ 540,716	\$ 540,716	(2)
Certificate of Deposit	318,847	318,847	(2)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Agency does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 4 Loans Receivable

Loans receivable, net of allowance is summarized as follows:

	<u>Balance 12/31/2019</u>	<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Balance 12/31/2020</u>	<u>Amounts Due Within One Year</u>
CFLP Revolving Loans	\$ 141,278	\$	\$ (44,334)	\$ 96,944	\$ 42,740
IRP Revolving Loans	417,670	40,000	(77,207)	380,463	73,768
RBEG Revolving Loans	76,713	10,000	(16,776)	69,937	7,050
COVID-19 ERLP Loans		168,883	(87,144)	81,739	26,227
Total Revolving Loans Receivable	635,661	218,883	(225,461)	629,083	149,785
Allowance for Doubtful Loans	(35,000)	-	-	(35,000)	(35,000)
Total Revolving Loans Receivable, Net	<u>\$ 600,661</u>	<u>\$ 218,883</u>	<u>\$ (225,461)</u>	<u>\$ 594,083</u>	<u>\$ 114,785</u>

	<u>Balance 12/31/2018</u>	<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Balance 12/31/2019</u>	<u>Amounts Due Within One Year</u>
CFLP Revolving Loans	\$ 187,643	\$	\$ (46,365)	\$ 141,278	\$ 43,527
IRP Revolving Loans	387,652	100,000	(69,982)	417,670	72,408
RBEG Revolving Loans		80,000	(3,287)	76,713	6,774
Total Revolving Loans Receivable	575,295	180,000	(119,634)	635,661	122,709
Allowance for Doubtful Loans	(35,000)	-	-	(35,000)	(35,000)
Total Revolving Loans Receivable, Net	<u>\$ 540,295</u>	<u>\$ 180,000</u>	<u>\$ (119,634)</u>	<u>\$ 600,661</u>	<u>\$ 87,709</u>

The following is a schedule of future principal payments to be received.

2021	\$ 149,785
2022	115,036
2023	84,727
2024	42,034
2025	33,391
2026-2030	142,804
2031-2035	47,455
2036-2040	13,851
Total	<u>\$ 629,083</u>

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 5 Capital Assets

At December 31, 2020 and 2019, the Agency's capital assets consisted of the following:

	Balance 12/31/2019	Additions	Disposals	Balance 12/31/2020
Non-Depreciable Capital Assets				
Land - General	\$ 1,090,378		\$	\$ 1,090,378
Land - 434	376,800			376,800
Land - Archaeological Studies		2,452		2,452
Total Non-Depreciable Capital Assets	1,467,178	2,452	-	1,469,630
Depreciable Capital Assets				
Railroad Tracking and Facilities	1,979,331			1,979,331
Equipment	1,701			1,701
Total Depreciable Capital Assets	1,981,032	-	-	1,981,032
Total Historical Cost	3,448,210	2,452	-	3,450,662
Less Accumulated Depreciation				
Railroad Tracking and Facilities	(1,195,376)	(20,971)		(1,216,347)
Equipment	(1,701)			(1,701)
Total Accumulated Depreciation	(1,197,077)	(20,971)	-	(1,218,048)
Total Capital Assets, Net	\$ 2,251,133	\$ (18,519)	\$ -	\$ 2,232,614
	Balance 12/31/2018	Additions	Disposals	Balance 12/31/2019
Non-Depreciable Capital Assets				
Land - General	\$ 1,073,378	\$ 17,000	\$	\$ 1,090,378
Land - 434	376,800			376,800
Total Non-Depreciable Capital Assets	1,450,178	17,000	-	1,467,178
Depreciable Capital Assets				
Railroad Tracking and Facilities	1,979,331			1,979,331
Equipment	1,701			1,701
Total Depreciable Capital Assets	1,981,032	-	-	1,981,032
Total Historical Cost	3,431,210	17,000	-	3,448,210
Less Accumulated Depreciation				
Railroad Tracking and Facilities	(1,174,089)	(21,287)		(1,195,376)
Equipment	(1,701)			(1,701)
Total Accumulated Depreciation	(1,175,790)	(21,287)	-	(1,197,077)
Total Capital Assets, Net	\$ 2,255,420	\$ (4,287)	\$ -	\$ 2,251,133

Depreciation expense amounted to \$20,971 and \$21,287 for the years ended December 31, 2020 and December 31, 2019, respectively.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

Note 6 Due to County

During 2020, Tioga County transferred \$475,000 to the Agency to administer, on their behalf, the Emergency Relief Loan Program that will provide assistance for small businesses in Tioga County that have been impacted by the COVID-19 pandemic.

Note 7 Loans Payable

Loans payable consisted of the following at December 31, 2020:

	Issue Date	Final Maturity	Interest Rate	Balance
USDA - IRP 1	5/2008	5/2027	1.00%	\$ 53,900
USDA - IRP 2	5/2008	5/2030	1.00%	112,328
USDA - IRP 3	1/2009	1/2036	1.00%	181,608
USDA - IRP 4	1/2011	1/2039	1.00%	212,507
Total Loans Payable				\$ 560,343

Loans payable are summarized as follows at December 31, 2020 and 2019:

	Balance 12/31/2019	Increases	Decreases	Balance 12/31/2020	Principal Due Within One Year	Interest Due Within One Year
USDA - IRP 1	\$ 61,544	\$	\$ (7,644)	\$ 53,900	\$ 7,720	\$ 539
USDA - IRP 2	123,432		(11,104)	112,328	11,216	1,123
USDA - IRP 3	192,027		(10,419)	181,608	10,523	1,816
USDA - IRP 4	222,620		(10,113)	212,507	10,214	2,125
Total Revolving Loans Payable	\$ 599,623	\$ -	\$ (39,280)	\$ 560,343	\$ 39,673	\$ 5,603
	Balance 12/31/2018	Increases	Decreases	Balance 12/31/2019	Principal Due Within One Year	Interest Due Within One Year
USDA - IRP 1	\$ 69,111	\$	\$ (7,567)	\$ 61,544	\$ 7,644	\$ 615
USDA - IRP 2	134,427		(10,995)	123,432	11,105	1,234
USDA - IRP 3	202,344		(10,317)	192,027	10,419	1,920
USDA - IRP 4	232,633		(10,013)	222,620	10,113	2,226
Total Revolving Loans Payable	\$ 638,515	\$ -	\$ (38,892)	\$ 599,623	\$ 39,281	\$ 5,995

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

***Note 7* Loans Payable - Continued**

The following is a schedule of future principal and interest loan payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 39,673	\$ 5,603	\$ 45,276
2022	40,069	5,207	45,276
2023	40,469	4,807	45,276
2024	40,875	4,401	45,276
2025	41,284	3,993	45,277
2026-2030	180,810	13,989	194,799
2031-2035	116,845	6,545	123,390
2036-2039	60,318	1,330	61,648
	<u>\$ 560,343</u>	<u>\$ 45,875</u>	<u>\$ 606,218</u>

***Note 8* Employee Benefit Plan**

The Agency maintains a Simple IRA account for its employee. The Agency may contribute up to 3% of gross wages to the Simple IRA account. Contributions totaled \$1,340 and \$1,373, for the years ended December 31, 2020 and 2019, respectively.

***Note 9* Railroad Operating Agreement**

In 2006, the Agency entered into an operating agreement with Owego and Harford Railway, Inc. for the use of the railroad property and facilities. In 2020, an amended operating agreement was entered into with RJ Corman. The agreement was for ten years with an option to renew for an additional five years. The agreement was revised in February 2013 for a term of fifteen years through December 2028. According to the agreement, the Agency shall receive 10% of gross operating revenues up to \$800,000 and 5% over \$800,000 until December 2015. The thresholds increase to \$1 million for years 2016 through 2020, and \$1.2 million for years 2021 through 2024. For the final period of 2025 through 2028, the amount is to be agreed upon by both parties; the threshold shall be no less than \$1.2 million. The operating company is responsible for any additional equipment and facilities that may be required for the operation of the line, as well as such maintenance, repairs and insurance necessary to keep the line in good operating condition.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PROJECTS DECEMBER 31, 2020

<u>Project Name</u>	<u>Exemption Period</u>	<u>Purpose</u>	<u>Sales Tax Cap</u>	<u>Sales Tax Exemptions</u>	<u>Mortgage Tax Exemptions</u>	<u>Payments in Lieu of Taxes</u>	<u>Property Taxes if Not Exempt</u>	<u>Total Exemptions</u>	<u>Jobs at 12/31/2020</u>
Nichols Cross Dock	2017-2028	Construction	\$	\$	\$	\$ 102,851	\$ 388,754	\$ 285,903	48
Spencer-Tioga Solar	2020-2050	Construction	486,144			89,600	96,328	6,728	
Crown	2017-2047	Construction				300,000	1,414,416	1,114,416	242
Tioga Downs Phase 4 (Golf)	2017-2037	Commercial/Construction				2,257	25,479	23,222	1
Owego Gardens	2017-2047	Construction				23,028	101,226	78,198	2
Midwestern Pet Foods	2016-2027	Industrial				28,812	80,457	51,645	55
Tioga Downs Phase 1	2015-2034	Commercial/Construction				12,006	54,840	42,834	0
Gateway	2018-2033	Commercial/Construction				1,600	12,517	10,917	1.5
Tioga Downs Phase 2	2017-2037	Construction				10,306	68,705	58,399	157
Tioga Downs Phase 3 (Hotel)	2017-2037	Construction				110,408	1,104,083	993,675	158
Best Buy	2003-2022	Construction	1,028,429			600,000	511,647	(88,353)	300
Central New York Oil and Gas Company 1	2009-2020	Construction				4,458,031	4,458,031	-	10
Central New York Oil and Gas Company 2	2013-2023	Construction				623,177	816,176	192,999	8
231 Main LLC	2007-2021	Real Estate				26,515	27,732	1,217	1.5
V&S New York Galvanizing	2021-2031	Construction	671,200			-	-	-	25
Total			<u>\$2,185,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,388,591</u>	<u>\$ 9,160,391</u>	<u>\$2,771,800</u>	

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF LOANS RECEIVABLE DECEMBER 31, 2020

Loan Name	Issue Date	Maturity Date	Interest Rate	Balance at December 31, 2019	New Loans Issued/Advances	Repayments	Balance at December 31, 2020
Commercial Façade Loans							
Owens Insurance	6/20/2018	7/1/2024		\$ 34,375	\$	\$ (7,500)	\$ 26,875
Lovclass 249 Front St.	4/27/2018	5/1/2024		16,563		(3,125)	13,438
Lovclass 17 Lake St.	4/27/2018	6/1/2020		901		(901)	-
Broad St Barber Shop	2/1/2018	6/1/2023		6,420		(1,800)	4,620
Glenda Ford	11/6/2017	5/1/2022		7,070		(3,000)	4,070
The Parkview	8/23/2017	9/1/2023		24,333		(4,866)	19,467
Towne Diner	9/16/2016	10/1/2022		9,024		(2,734)	6,290
5 Star Realty Development	5/18/2016	6/1/2022		20,833		(8,333)	12,500
Rawley Filbin	3/18/2016	4/1/2022		4,280		(4,280)	-
Owego Kitchen	12/21/2015	1/1/2022		9,147		(3,659)	5,488
Arkway Property Management	7/25/2014	8/1/2020		1,356		(1,356)	-
Becky's Diner	10/1/2016	12/1/2021		6,976		(2,780)	4,196
Total Commercial Façade Loans Receivable				\$ 141,278	\$ -	\$ (44,334)	\$ 96,944
IRP Loans							
The Loom	10/1/2018	10/1/2024	4.00%	\$ 7,907	\$	\$ (1,022)	\$ 6,885
Broad St. Barber Shop	2/1/2018	2/1/2033	4.75%	65,279		(2,695)	62,584
Stiletto's Hair and Nails	12/1/2017	5/6/2022	2.50%	11,521		(4,018)	7,503
R&C Auto Repair	4/19/2017	6/1/2032	4.50%	34,773		(1,552)	33,221
Tioga Gardens	4/27/2017	5/1/2027	2.50%	15,308		(15,308)	-
Granite Works 3	4/27/2017	5/1/2023	2.50%	58,803		(16,685)	42,118
Giggle Box Playhouse	12/1/2017	1/6/2027	2.50%	18,800		(1,822)	16,978
Granite Works 2	5/23/2016	7/1/2021	5.00%	13,123		(8,598)	4,525
Harold & Harry's	12/21/2010	1/2/2040	0.00%	51,252		(1,400)	49,852
Becky's Diner	12/1/2007	7/1/2022	6.25%	20,193		(5,731)	14,462
The Parkview	12/9/2011	12/1/2021	5.00%	24,820		(9,019)	15,801
Pristine Vision	6/1/2019	6/1/2029	4.00%	95,891		(8,468)	87,423
Elston Enterprises	6/1/2020	6/1/2035	5.25%		40,000	(889)	39,111
Total IRP Loans Receivable				\$ 417,670	\$ 40,000	\$ (77,207)	\$ 380,463
RBEG Loans							
Waterman's Distillery	3/23/2020	10/1/2020	0.00%	-	\$ 10,000	\$ (10,000)	-
Pristine Vision	6/1/2019	6/1/2029	4.00%	76,713	-	(6,776)	69,937
Total RBEG Loans Receivable				\$ 76,713	\$ 10,000	\$ (16,776)	\$ 69,937
COVID-19 ERLP Loans							
Rock Oak Lumber	10/1/2020	10/1/2023	2.50%	-	\$ 25,000	\$ (1,340)	\$ 23,660
Belva LLC	10/1/2020	10/1/2023	2.50%	-	13,883		13,883
Reilly Brothers Seafood	10/1/2020	10/1/2023	2.50%	-	25,000	(25,000)	-
Hygge Home LLC	10/1/2020	10/1/2023	2.50%	-	10,000	(536)	9,464
TDS Construction	11/1/2020	11/1/2023	2.50%	-	10,000	(268)	9,732
Court View Properties	6/1/2020	6/1/2023	2.50%	-	60,000	(60,000)	-
Jackpot Richie's Chicken BBQ	8/1/2020	8/1/2023	2.50%	-	25,000	-	25,000
Total RBEG Loans Receivable				\$ -	\$ 168,883	\$ (87,144)	\$ 81,739
Total All Loans				\$ 635,661	\$ 218,883	\$ (225,461)	629,083
Less: Allowance for Doubtful Loans				(35,000)			(35,000)
Revolving Loans Receivable				\$ 600,661			\$ 594,083



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

To the Board of Directors
Tioga County Industrial Development Agency
Owego, 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 Tioga County Industrial Development Agency (the Agency), a component unit of the County of Tioga, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 16, 2021