

**OPERATION OSWEGO COUNTY, INC.  
AND  
OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021**



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Operation Oswego County, Inc. and Operation Oswego County Foundation, Inc.  
Oswego, New York

### ***Report on the Consolidated Financial Statements***

We have audited the consolidated financial statements of Operation Oswego County, Inc. and Operation Oswego County Foundation, Inc. (the Organizations), which comprise the consolidated statement of net position as of December 31, 2021, and the related consolidated statements of support and revenue, expenses and change in net position and cash flow for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organizations as of December 31, 2021, and the changes in its net assets and its cash flows for the year 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organizations 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 Consolidated Financial Statements***

The Organizations' management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for one year beyond the financial statement date.



### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 consolidated 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 the Organizations' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 be presented to supplement the consolidated financial statements. Such information is the responsibility of management and, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated 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 consolidated financial statements, and other knowledge we obtained during our audit of the consolidated 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Organizations' consolidated financial statements. The Schedules of Supplementary Information (Consolidated Statement of Functional Expenses, Consolidating Statement of Financial Position and Consolidating Statement of Activities on pages 19-21) are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedules of Supplementary Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Supplementary Information are fairly stated, in all material respects, in relation to the consolidated 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 21, 2022, on our consideration of the Organizations' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 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 Organizations' internal control over financial reporting and compliance.

*Grossman St Amour CPAs*

Syracuse, New York  
March 21, 2022

**OPERATION OSWEGO COUNTY, INC. AND  
OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Management's Discussions and Analysis (unaudited)**

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As management of the Operation Oswego County, Inc. (OOC) and the Operation Oswego County Foundation, Inc. (the "Foundation") (the "Organizations"), we offer readers of the Organizations' consolidated financial statements this narrative overview and analysis of the financial activities of the Organizations for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the consolidated financial statements.

OOC is a local authority as defined by the New York State Public Authorities Law (PAL). As such, the Organization is subject to the reporting requirements contained in the PAL and the Public Authorities Reporting Information System. The Foundation is a not-for-profit organization with a primary mission of assisting and supporting OOC. The financial statements of the two affiliated organizations are consolidated and transactions between the two Organizations are eliminated.

**FINANCIAL HIGHLIGHTS**

- The Organizations' assets exceeded its liabilities by \$4,010,220 (net position) for the fiscal year reported. This represents an increase in assets in excess of liabilities of \$125,122, a 3.2% increase.
- Total liabilities of the Organization decreased by \$557,578 to \$1,262,476 during the fiscal year, a decrease of 30.6% primarily from the repayment of debt obligations.
- The Organization's long-term debt, which is primarily associated with the development of buildings, industrial parks and assistance to business, decreased by \$566,354 to \$1,091,177, net of related allowance. This represents a decrease of 34.2% from the prior fiscal year.
- Support and Revenues exceeded Operating Expenses by \$125,122 and generated an increase in net position of \$125,122.
- Rental revenue was \$164,338 for the fiscal year, representing 12.8% of the Organization's revenue, a reduction from the previous fiscal year of \$813.
- OOC lent two businesses \$20,000 for COVID-19 relief during the fiscal year.
- OOC applied for and received a Paycheck Protection Loan in the amount of \$126,698 during the fiscal year. This loan was forgiven by the Small Business Administration on August 30, 2021 and the corresponding funds of \$126,698 were recognized as revenue during the fiscal year.
- Net position at the beginning of the year was restated from \$3,551,646 to \$3,885,098 to reflect correction of an error identified in the calculation of deferred inflow of resources. See Note 1.
- The Foundation held their Next Great Idea Business Plan competition in 2021 and identified three winners; awards in the amount of \$65,000 are expected to be disbursed in 2022.

**OPERATION OSWEGO COUNTY, INC. AND  
OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Management's Discussions and Analysis (unaudited)**

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**OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Organizations' consolidated financial statements. The Organizations' consolidated financial statements are comprised of fund financial statements.

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the Organizations' finances, in a manner similar to a private-sector business. The Consolidated Statement of Net Position presents information on all of the Organizations' 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 of whether the financial position of the Organizations is improving or deteriorating.

The Consolidated Statement of Activities presents information showing how the Organizations' net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Both of the government-wide financial statements report only business-type (proprietary) activities, since none of the Organizations' activities are considered to be governmental activities supported primarily by County grants and contracts.

**Notes to the Consolidated Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the consolidated government-wide financial statements. The notes to the consolidated financial statements can be found on pages 11 through 18 of this report.

**Other information** – In addition to the consolidated financial statements and accompanying notes, this report also includes certain supplemental information, which includes information concerning the allocation of expenses on a functional basis, consolidation of assets, liabilities and net position and the consolidation of revenue and expenses. This supplementary information can be found on pages 19 through 21 of this report.

**OPERATION OSWEGO COUNTY, INC. AND  
OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Management's Discussions and Analysis (unaudited)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the Organizations' financial position. In the case of the Organizations, assets exceeded liabilities by \$4,010,220 as of December 31, 2021. This net position balance primarily represents cash and cash equivalents of \$1,258,012, which may be used by the Organizations for future economic development needs as more fully described in the Organizations' mission statements. The Organizations' only fund is treated as a proprietary (business-type) fund. The following are summarized versions of the consolidated government-wide financial statements for 2021:

**Net Position**

	2021
Cash and cash equivalents	\$ 1,258,012
Accounts receivable and prepaid expenses	10,102
Deposit in loan fund	44,305
Loans receivable, net	1,421,429
Capital assets, net	623,182
Land for development	1,915,666
<b>Total assets</b>	<b>\$ 5,272,696</b>
Accounts payable accrued expenses	\$ 113,268
Security deposits	635
Debt obligations, net	1,091,177
<b>Total liabilities</b>	<b>1,205,080</b>
Deferred inflows of resources	57,396
<b>Net position</b>	<b>\$ 4,010,220</b>

**Change in Net Position**

	2021
<b>Support and revenue:</b>	
Local governments	\$ 822,108
State and other grants	11,264
Rental revenue	164,338
Service charges- loans	59,716
Interest income	34,049
Event income	25,181
Sponsorship income	43,000
Paycheck Protection Loan forgiveness	126,698
Miscellaneous	2,090
Total support and revenue	<b>1,288,444</b>
<b>Operating expenses:</b>	
Program expenses	989,284
Rental depreciation expense	61,738
Management and general	104,501
Management and general depreciation expense	7,799
Total operating expenses	<b>1,163,322</b>
Change in net position	<b>125,122</b>
Net position at beginning of year, as restated	<b>3,885,098</b>
<b>Net position at end of year</b>	<b>\$ 4,010,220</b>

**OPERATION OSWEGO COUNTY, INC. &  
OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Management's Discussions and Analysis (unaudited)**

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**REQUEST FOR INFORMATION**

This financial report is designed to provide readers with a general overview of the Organizations' finances. If you have questions about this report or need additional information, contact the Organizations' boards at 44 West Bridge Street, Oswego, NY 13126.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Consolidated Statement of Net Position

December 31, 2021

ASSETS

**Assets:**

Cash and cash equivalents	\$ 1,258,012
Accounts receivable	10,102
Deposit in loan fund	44,305
Loans receivable, net	1,421,429
Property and improvements, net	623,182
Land for development	1,915,666
	<u>\$ 5,272,696</u>

LIABILITIES AND NET POSITION

**Liabilities:**

Accounts payable and accrued expenses	\$ 113,268
Security deposits	635
Debt obligations, net	1,091,177
Total liabilities	<u>1,205,080</u>
<b>Deferred inflow of resources</b>	57,396
<b>Unrestricted net position</b>	<u>4,010,220</u>
	<u>\$ 5,272,696</u>

The accompanying notes are an integral part of the consolidated financial statements.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Consolidated Statement of Support and Revenue, Expenses and Change in Net Position

Year Ended December 31, 2021

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<b>Support and revenue:</b>	
Local governments	\$ 822,108
State and other grants	11,264
Rental revenue	164,338
Service charges- loans	59,716
Interest income	34,049
Event income	25,181
Sponsorship income	43,000
Paycheck Protection Loan forgiveness	126,698
Miscellaneous	2,090
Total support and revenue	<u>1,288,444</u>
<b>Operating expenses:</b>	
Program expenses	989,284
Rental depreciation expense	61,738
Management and general	104,501
Management and general depreciation expense	7,799
Total operating expenses	<u>1,163,322</u>
Change in net position	<u>125,122</u>
Net position at beginning of year, as restated	<u>3,885,098</u>
<b>Net position at end of year</b>	<u><u>\$ 4,010,220</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Consolidated Statement of Cash Flows**

**For the year ended December 31, 2021**

<b>Cash flows from operating activities:</b>	
Cash received for economic development	\$ 766,179
Cash received for other development incentives	81,535
Cash received for interest and loan service charges	93,398
Cash received for rent	164,338
Cash received for Paycheck Protection Loan	126,698
Cash received for loan repayments	423,284
Cash paid for loans issued	(20,000)
Cash paid for administration	(54,389)
Cash paid for development and promotion expenses	(942,740)
Cash paid for professional fees	<u>(42,119)</u>
Net cash provided by operating activities	<u>596,184</u>
<b>Cash flows from investing activities:</b>	
Cash paid for the purchase of property and improvements	<u>(27,220)</u>
Net cash used in investing activities	<u>(27,220)</u>
<b>Cash flows from financing activities:</b>	
Cash paid for loan repayments	<u>(322,536)</u>
Net cash used in financing activities	<u>(322,536)</u>
Net change in cash	246,428
Cash, beginning of year	<u>1,011,584</u>
Cash, end of year	<u><u>\$ 1,258,012</u></u>
<b>Reconciliation of changes in net position to net cash provided by operating activities:</b>	
Change in net position	\$ 125,122
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	69,537
Net change in accounts receivable	(10,535)
Net change in loans receivable	403,284
Net change in deferred inflows of resources	(45,394)
Net change in security deposits	(367)
Net change in accounts payable and accrued expenses	54,537
Net cash provided by in operating activities	<u><u>\$ 596,184</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

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**1. Summary of Significant Accounting Policies**

**Nature of Operations**

Operation Oswego County, Inc., (OOC) is a 501(c)(6) not-for-profit corporation subject to the reporting requirements contained in the New York State Public Authorities Law. OOC contracts with the Oswego County, State, and local governments to provide economic development, promotion, advertising, technical assistance, financial planning and related services. The Governmental Accounting Standards Board (GASB) permits certain governmental not-for-profit organizations to report as special-purpose governments engaged only in business-type activities under GASB Statement No. 34. Accordingly, OOC operates as a special-purpose government accounted for as a proprietary fund.

Operation Oswego County Foundation, Inc. (the Foundation) is a 501(c)(3) not-for-profit corporation which was established to assist and support OOC's promotional efforts. The Foundation is controlled by OOC in that OOC's board officers serve as trustees of the Foundation's board. Accordingly, OOC has consolidated its financial statements with the financial statements of the Foundation in a blended approach. All significant related party transactions and accounts have been eliminated in the consolidated financial statements.

**Basis of Presentation**

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units and are presented on the accrual basis of accounting utilizing an "economic resources" measurement focus.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net position and revenues, expenses, gains and losses are classified based on the existence, or absence of restrictions.

**Governance**

OOC is managed by a Board of Directors, which establish the general policies governing OOC. The Board of Directors as of December 31, 2021 was comprised of 24 voting directors, respectively, and 5 non-voting ex-officio members in accordance with the by-laws of the organization. The Foundation is managed by a 4 member Board of Directors.

**Annual Budgets**

OOC is required to provide to the New York State Authorities Budget Office (ABO) an annual budget on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year. This budget is submitted to the ABO and can be found on OOC's website at <http://www.oswegocounty.org>.

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

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**1. Summary of Significant Accounting Policies (continued)**

**Prior Year Restatement**

The Unrestricted Net Position as of December 31, 2020 has been restated to correct an error relating to the proper recording of deferred revenue and revenue of OOC and the consolidation of the Foundation.

A reduction has been recorded in deferred revenue and increase in revenue on OOC resulting in an increase in Unrestricted Net Position of 276,360.

The consolidation of the Foundation results in an increases in assets, liabilities, revenue and expenses resulting in an increase in Unrestricted Net Position of 57,092.

**Revenue Recognition**

Support is recognized by the Organizations when the associated specific projects take place and/or expenditures are incurred for the intended purposes.

The Organizations have the following significant streams of revenue:

Rental revenue for OOC is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the organization and tenants are operating leases.

Local government grant revenue received by is deemed to be earned and reported as revenue when the Organizations have incurred expenditures in compliance with the grant agreement. Amounts due from government agencies are recorded as receivables. The Organizations consider the associated accounts receivables to be fully collectible based on management's review; accordingly, no allowance for doubtful accounts is required.

The Foundation performs the Next Great Idea Oswego County Business Plan Competition and obtains sponsorship and grant funding for the event. Grant funding is recognize as stated in the local government grant revenue section above. The event is scheduled every two years and sponsorship revenue is deferred until the event occurs.

**Net Position**

GASB requires the classification of net position into three components. These classifications are displayed in three components below:

- A. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- B. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

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**1. Summary of Significant Accounting Policies (continued)**

**Net Position (continued)**

- C. Unrestricted net position - all other assets that do not meet the definition of net investment in capital assets or restricted net position.

It is the Organizations' policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Net position is fully unrestricted for the year ending December 31, 2021.

**Property and Improvements**

Property and improvements consist of buildings or improvements, which are stated at cost at the date the property was placed in service or acquired, less accumulated depreciation. It is the policy of the Organizations to provide for depreciation of these assets over their estimated useful lives using the straight-line method. Depreciation of fixed assets amounted to approximately \$69,500 at December 31, 2021.

Maintenance and repairs are expensed as incurred and major renewals and betterments over \$3,000 are capitalized. At the time of the sale or retirement, the costs and accumulated depreciation of such assets are removed from the respective accounts, and the gain or loss is reflected in support and revenues.

**Land Held for Development**

Various parcels of land have been purchased by, or contributed to, the OOC for use in business development. Land is stated at cost or its fair market value at the date of acquisition. Development costs for these projects have been added to the land costs. Over the years, OOC has purchased 182 acres of land to be developed into the Oswego County Industrial Park. The remaining undeveloped acreage as of December 31, 2021 is 135 acres. The OOC has previously purchased land to form the Oswego County Airport Industrial Park, of which 139 acres remain available for development.

**Use of Estimates**

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

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

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**1. Summary of Significant Accounting Policies (continued)**

**Income Taxes**

OOC and the Foundation are exempt from Federal income taxes under section 501(c)(6) and section 501(c)(3), respectively, of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The Organizations comply with the provisions of FASB ASC 740, Income Taxes, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return, including maintenance of tax-exempt status. The Organizations do not believe the financial statements include any uncertain tax positions. It is the Organizations' policy to recognize any interest and penalties as expenses. The Organizations' returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

**Functional Allocation of Expenses**

The costs of providing the various programs have been summarized on a functional basis in the consolidated statement of support and revenue, expenses and changes in net position. Certain costs have been allocated based on management's estimate of time spent, occupancy or usage. Costs specifically identified to a program are charged directly to that program.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist principally of cash accounts in financial institutions. Cash balances may exceed Federal Deposit Insurance (FDIC) limits of \$250,000 at various points throughout the year.

**Pension Plan**

OOC has a defined contribution plan, which covers all eligible employees. Pension costs approximated \$59,100 for 2021.

**Risk and Uncertainties**

In March 2020, The World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The spread of this virus globally has caused business disruption domestically in the United States, the area in which the Organizations are located. Therefore, while the Organizations expect this matter to have an impact on its financial condition, results of operations and cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Consolidated Financial Statements

**2. Loans Receivable, net**

At December 31, 2021, OOC held the following loans receivable:

K&N Foods USA	\$ 458,332
Town of Schroepel	120,000
Holiday Inn Express	96,520
Universal Metal Works	87,188
Minetto Associates, LP	16,202
Northland Filter International, LLC	556,685
Design Concepts and Enterprises	178,140
COVID-19 Emergency Relief Loans	176,484
	<u>1,689,551</u>
Less: allowance for uncollectable loans receivable (see Note 3)	<u>(268,122)</u>
	<u>\$ 1,421,429</u>

These loans receivable primarily relate to corresponding notes payable described in Note 4 in which OOC received funds from the County of Oswego IDA and U.S. Department of HUD, respectively, and subsequently loaned the funds to the respective borrowers. Repayment of the loans is consistent with the terms described in Note 6. The Design Concepts and Enterprises' loan receivable was funded through the proceeds of a grant from the County of Oswego IDA.

**3. Allowance for Uncollectable Loans Receivable and Unpaid Debt Obligations**

Management evaluates the allowance for uncollectible loans based on review of delinquent outstanding loans along with other known client factors to estimate uncollectible amounts. Additionally, management has agreements with the County of Oswego IDA (the IDA), of which any funds that are lent, and not subsequently repaid, will reduce the amount of funds repayable to the IDA. There was no bad debt expense recognized in 2021. Management recognized a reduction in loans receivable and corresponding unpaid debt obligations of \$268,112 to reflect these potentially uncollectible amounts.

**4. Property and Improvements**

Property and improvements consist of the following at December 31, 2021:

Land	\$ 23,961
Property and improvements	2,477,193
Construction in process	17,220
Furniture and equipment	73,444
	<u>2,591,818</u>
Less: accumulated depreciation	<u>(1,968,636)</u>
	<u>\$ 623,182</u>

OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.

Notes to Consolidated Financial Statements

5. Lease Agreements

OOC leases property to several organizations with lease terms as follows:

- Oswego County Opportunities, Inc.: Lease through January 31, 2022, payments of \$2,843.75 due monthly. These lease terms have been extended through March 31, 2022.
- Center for Instruction, Technology & Innovation: payments of \$5,958.33 due monthly through June 30, 2023.
- Wellhouse Ministries, Inc.: payments of \$225 due monthly through December 31, 2021, and a new lease beginning January 1, 2022 through December 31, 2022 with payments of \$225 due monthly.
- ILRT, Inc.: payments of \$800.00 due monthly through January 31, 2021 and a second lease beginning February 1, 2021 through January 31, 2022 with payments of \$833.33 due monthly. The lease was not renewed and the tenant vacated the lease space in September 2021.
- Equanimity Counseling: payments of \$433.33 due monthly, and a new lease beginning in October 1, 2021 through September 30, 2022 with payments of \$466.67 due monthly.
- County of Oswego: payments of \$7,975 due quarterly through December 31, 2022.

Rental income from the above organizations and other minor leasing arrangements for the years ended December 31, 2021 approximated \$164,300. Expected rental income over the next five years as of December 31, 2021 is as follows:

2022	\$ 118,831
2023	35,750
2024	-
2025	-
2026	-
Rental income	<u>\$ 154,581</u>

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

**6. Long-Term Debt**

Long-term debt consists of the following at December 31, 2021:

	2021
Note payable to the County of Oswego IDA for construction of a day care center in the Oswego County Industrial Park, interest free, payable solely from 60% of annual rental income, secured by land and building.	\$ 284,994
Note payable to the County of Oswego IDA for construction of the 2001 SPEC building in the Lake Ontario Industrial Park, interest free, with payments made from 60% of prior year rent payments. Effective in August of 2019, this note became unsecured as the building was sold to Northland Filter International, LLC. Future payments will be made from a combination of 60% of rent and principal mortgage payments.	259,415
Note payable to the County of Oswego IDA for industrial loan for equipment and construction at K & N Foods USA, interest free, repayable solely from payments received on note from K & N Foods USA in 180 equal payments of \$2,777.78 beginning on June 30, 2019.	458,332
Note payable to the County of Oswego for construction of a senior housing project, repayable solely from payments received on note from Minetto Associates, L.P. in monthly installments of \$2,322, including interest at 1%, through July 2022, secured by the building.	16,202
Note payable to the County of Oswego IDA for use in providing funding to applicants seeking financial assistance through the COVID-19 Emergency Relief Loan Program, interest free, repayable from principal payments received on notes from borrowers on or before December 31st of 2021, 2022 and 2023. In addition, any unlent principal will be returned at December 31, 2023.	340,356
Less: allowance for potentially uncollectible debt obligations	<u>(268,122)</u>
	<u><u>\$ 1,091,177</u></u>

Aggregate maturities of debt are as follows as of December 31, 2021:

	2022	\$	289,826
	2023		206,198
	2024		69,733
	2025		69,733
	2026		69,733
	2027-2031		348,665
	2032-2036		234,267
	2037-2040		<u>71,144</u>
	Total long-term debt		1,359,299
Less: allowance for potentially uncollectable debt obligations			<u>(268,122)</u>
			<u><u>\$ 1,091,177</u></u>

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Notes to Consolidated Financial Statements**

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**7. Related Parties and Commitments**

The Organizations' Executive Director also serves as the Chief Executive Officer for the IDA, a public benefit corporation. In addition, the IDA contracts with OOC for office space and administration services. The IDA paid \$350,000 for the years ended December 31, 2021 to OOC for space and services.

In previous years, the IDA provided OOC approximately \$2,831,000 of interest free funding to construct the Education, Day Care and SPEC buildings held by OOC. In 2013, the IDA provided OOC \$500,000 of interest free financing to support the re-use of the Birds Eye plant located in the City of Fulton by K&N Foods. OOC acted as a conduit lender for this financing and K&N Foods is responsible for repayment of the debt to OOC. In 2020, the IDA provided OOC \$500,000 of interest free funding to create the COVID-19 Emergency Relief Program. Current loan balances payable to the IDA as described in Note 6 approximate \$1,343,000 for the year ended December 31, 2021.

OOC has a substantial loan receivable from a company whose executive leadership includes a member of the board.

**8. Deferred Inflows of Resources**

The IDA advances funds annually to OOC. At December 31, 2021, advances were not fully expended for committed projects from the Economic Development Initiative Fund (EDIF). It is anticipated that the majority of funds will be expended during 2021 for ongoing projects and other identified needs. Revenue will be recognized annually. Additionally, rental tenants make payments to OOC in advance. Rental payments received in advance are deferred until earned. Total deferred inflows of resources at December 31, 2021 approximated \$57,400.

**9. Paycheck Protection Program Loan**

On February 22, 2021, OOC was loaned \$126,698 from Pathfinder Bank through the Small Business Association (SBA), pursuant to the Paycheck Protection Program (PPP) Second Draw Loan under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was enacted March 27, 2020. The PPP provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. Under the terms of the PPP Second Draw, the loan balance can be forgiven, in full or part, based on the use of the funds for qualifying expenses in accordance with the requirements of the CARES Act. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of principal and interest payments for up to one year from the date of first disbursement. OOC received notification from Pathfinder on August 30, 2021 that the SBA has approved its application for loan forgiveness in full. The balance forgiven of \$126,698 has been recognized as revenue within the consolidated statement of activities for the year ended December 31, 2021.

**10. Subsequent Events**

Management has evaluated subsequent events through March 21, 2022, which is the date the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Consolidated Statement of Functional Expenses**

**Year Ended December 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 443,367	\$ 60,459	\$ 503,826
Pension plan	52,048	7,098	59,146
Employee benefits	96,373	13,142	109,515
Accounting and legal	19,099	2,604	21,703
Payroll taxes	33,196	4,527	37,723
Supplies	19,199	2,618	21,817
Telephone	7,736	1,055	8,791
Occupancy	4,071	555	4,626
Maintenance and repairs	48,972	6,678	55,650
Printing and publications	16,478	65	16,543
Travel	23,705	-	23,705
Insurance	10,388	1,417	11,805
Land taxes	8,903	-	8,903
Advertising	23,006	-	23,006
Professional services	19,646	770	20,416
Next Great Idea expense	52,542	-	52,542
Community relations	18,350	129	18,479
Miscellaneous	23,041	3,142	26,183
Dues and subscriptions	9,372	242	9,614
Rental and development expenses	59,792	-	59,792
Depreciation	61,738	7,799	69,537
	<u>\$ 1,051,022</u>	<u>\$ 112,300</u>	<u>\$ 1,163,322</u>

The accompanying schedules are an integral part of the consolidated financial statements.

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Consolidating Statement of Financial Position**

**December 31, 2021**

**ASSETS**

	Operation Oswego County, Inc.	Operation Oswego County Foundation, Inc.	Consolidating Entries	<b>Consolidated Total</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,129,800	\$ 128,212	\$ -	\$ 1,258,012
Accounts receivable	10,102	-	-	10,102
Deposit in loan fund	44,305	-	-	44,305
Loans receivable, net	1,421,429	-	-	1,421,429
Total current assets	<u>2,605,636</u>	<u>128,212</u>	<u>-</u>	<u>2,733,848</u>
Property and improvements, net	623,182	-	-	623,182
Land for development	<u>1,915,666</u>	<u>-</u>	<u>-</u>	<u>1,915,666</u>
	<u>\$ 5,144,484</u>	<u>\$ 128,212</u>	<u>\$ -</u>	<u>\$ 5,272,696</u>

**LIABILITIES AND NET POSITION**

<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 48,268	\$ 65,000	\$ -	\$ 113,268
Security deposits	635	-	-	635
Debt obligations, net	1,091,177	-	-	1,091,177
Total liabilities	<u>1,140,080</u>	<u>65,000</u>	<u>-</u>	<u>1,205,080</u>
Deferred inflow of resources	<u>57,396</u>	<u>-</u>	<u>-</u>	<u>57,396</u>
Unrestricted net position	<u>3,947,008</u>	<u>63,212</u>	<u>-</u>	<u>4,010,220</u>
	<u>\$ 5,144,484</u>	<u>\$ 128,212</u>	<u>\$ -</u>	<u>\$ 5,272,696</u>

The accompanying schedules are an integral part of the consolidated financial statements.

**OPERATION OSWEGO COUNTY, INC. AND OPERATION OSWEGO COUNTY FOUNDATION, INC.**

**Consolidating Statement of Activities**

**Year Ended December 31, 2021**

	Operation Oswego County, Inc.	Operation Oswego County Foundation, Inc.	Consolidating Entries	<b>Consolidated Total</b>
<b>Support and revenue:</b>				
Local governments	\$ 822,108	\$ -	\$ -	\$ 822,108
State and other grants	1,264	10,000	-	11,264
Rental revenue	164,338	-	-	164,338
Service charges- loans	59,716	-	-	59,716
Interest income	34,016	33	-	34,049
Event income	-	25,181	-	25,181
Sponsorship income	-	43,000	-	43,000
Paycheck Protection Loan forgiveness	126,698	-	-	126,698
Miscellaneous	-	2,090	-	2,090
Total support and revenue	<u>1,208,140</u>	<u>80,304</u>	<u>-</u>	<u>1,288,444</u>
<b>Expenses:</b>				
Program expenses	917,697	71,587	-	989,284
Rental depreciation expense	61,738	-	-	61,738
Management and general	101,904	2,597	-	104,501
Management and general depreciation expense	7,799	-	-	7,799
Total operating expenses	<u>1,089,138</u>	<u>74,184</u>	<u>-</u>	<u>1,163,322</u>
Change in net position	119,002	6,120	-	125,122
<b>Net position at beginning of year, as restated (Note 1)</b>	<u>3,828,006</u>	<u>57,092</u>	<u>-</u>	<u>3,885,098</u>
<b>Net position at end of year</b>	<u>\$ 3,947,008</u>	<u>\$ 63,212</u>	<u>\$ -</u>	<u>\$ 4,010,220</u>

The accompanying schedules are an integral part of the consolidated financial statements.



**grossman st. amour**

CERTIFIED PUBLIC ACCOUNTANTS PLLC

**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**

*INDEPENDENT AUDITOR'S REPORT*

To the Board of Directors  
Operation Oswego County, Inc. and Operation Oswego County Foundation, Inc.

We have audited, 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, the consolidated financial statements of the business-type activities of Operation Oswego County, Inc. and Operation Oswego County Foundation, Inc. (the Organizations) as of and for the year ended December 31, 2021, and the related notes to the consolidated financial statements, which collectively comprise the Organizations' basic financial statements, and have issued our report thereon dated March 21, 2022.

***Internal Control over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing 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 Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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 entity'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 Organizations' consolidated 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 financial statements. 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 identified an instance of noncompliance, a significant deficiency and other matters that are required to be reported under *Government Auditing Standards* and have been reported to the management of Operation Oswego County, Inc. in a separate letter dated March 21, 2022.

### **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 Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Grossman St Amour CPAs*

Syracuse, New York  
March 21, 2022