

**CORNELL COOPERATIVE EXTENSION
ASSOCIATION OF ERIE COUNTY**

**Financial Statements as of
December 31, 2020
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

July 27, 2021

To the Board of Directors of
Cornell Cooperative Extension Association of Erie County:

Report on the Financial Statements

We have audited the accompanying financial statements of Cornell Cooperative Extension Association of Erie County (a New York non-profit organization) (the Association), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's 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 financial position of the Association as of December 31, 2020, 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Summarized Comparative Information

We have previously audited the Cornell Cooperative Extension Association of Erie County's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CORNELL COOPERATIVE EXTENSION ASSOCIATION OF ERIE COUNTY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 515,307	\$ 248,392
Accounts receivable	412,163	660,984
Current portion of mortgage receivable	7,153	6,805
Prepaid expenses	<u>9,578</u>	<u>9,914</u>
Total current assets	944,201	926,095
INVESTMENTS	723,399	677,382
MORTGAGE RECEIVABLE, net of current portion	329,737	336,890
PROPERTY AND EQUIPMENT, net	43,121	50,215
DEPOSITS	<u>87,707</u>	<u>88,031</u>
Total assets	<u>\$ 2,128,165</u>	<u>\$ 2,078,613</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 259,493	\$ 330,433
Accounts payable - Cornell	127,612	111,965
Deferred revenue	32,044	100,836
Paycheck Protection Program loan - short term	24,488	-
Line of credit	<u>-</u>	<u>65,000</u>
Total current liabilities	443,637	608,234
NON-CURRENT LIABILITIES:		
Paycheck Protection Program loan - long term	<u>93,990</u>	<u>-</u>
Total non-current liabilities	<u>93,990</u>	<u>-</u>
Total liabilities	<u>537,627</u>	<u>608,234</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	247,227	148,477
Board designated	<u>1,334,681</u>	<u>1,302,942</u>
Total without donor restrictions	1,581,908	1,451,419
With donor restrictions	<u>8,630</u>	<u>18,960</u>
Total net assets	<u>1,590,538</u>	<u>1,470,379</u>
Total liabilities and net assets	<u>\$ 2,128,165</u>	<u>\$ 2,078,613</u>

The accompanying notes are an integral part of these statements.

CORNELL COOPERATIVE EXTENSION ASSOCIATION OF ERIE COUNTY

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

(With Comparative Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE:				
Support -				
Contributions-in-kind	\$ 714,674	\$ -	\$ 714,674	\$ 730,777
Federal grants and contracts	648,378	-	648,378	933,328
State grants and contracts	480,662	-	480,662	482,397
County contracts	354,468	-	354,468	342,322
Other grants and contracts	122,994	-	122,994	144,135
Paycheck Protection Program grant	125,522	-	125,522	-
Smith/Lever grants and contracts	89,601	-	89,601	85,549
Contributions	14,449	-	14,449	51,913
Net assets released from restrictions	10,330	(10,330)	-	-
Total support	2,561,078	(10,330)	2,550,748	2,770,421
Revenue -				
Fundraising sales	129,277	-	129,277	314,125
Investment performance	49,634	-	49,634	54,664
Interest income	17,034	-	17,034	15,905
Program participation fees	16,528	-	16,528	38,418
Specialist contract support	12,965	-	12,965	10,374
Enterprise sales	1,707	-	1,707	2,625
Reimbursement of professional services	1,080	-	1,080	2,890
Other	929	-	929	968
Total revenue	229,154	-	229,154	439,969
Total support and revenue	2,790,232	(10,330)	2,779,902	3,210,390
EXPENSES:				
Program services	2,140,529	-	2,140,529	2,240,541
Management and general	390,699	-	390,699	569,257
Fundraising	128,515	-	128,515	288,444
Total expenses	2,659,743	-	2,659,743	3,098,242
CHANGE IN NET ASSETS	130,489	(10,330)	120,159	112,148
NET ASSETS - beginning of year	1,451,419	18,960	1,470,379	1,358,231
NET ASSETS - end of year	\$ 1,581,908	\$ 8,630	\$ 1,590,538	\$ 1,470,379

The accompanying notes are an integral part of these statements.

CORNELL COOPERATIVE EXTENSION ASSOCIATION OF ERIE COUNTY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

(With Comparative Totals for 2019)

	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2020</u>	<u>2019</u>
Salaries and wages	\$ 988,041	\$ 167,602	\$ -	\$ 1,155,643	\$ 1,168,811
Employee benefits	618,855	109,209	-	728,064	734,174
Consulting and contracted services	278,567	49,159	-	327,726	471,737
Cost of fundraising	-	-	119,813	119,813	265,833
Occupancy	63,843	7,155	-	70,998	68,214
Supplies	53,437	7,857	1,264	62,558	57,061
Printing and publications	51,522	9,092	-	60,614	62,864
Communications	13,758	5,969	34	19,761	23,948
Insurance	16,573	2,925	-	19,498	12,006
Depreciation	-	18,513	-	18,513	17,360
Unemployment/Worker's Comp	14,233	2,512	-	16,745	18,091
Travel	13,123	1,255	282	14,660	62,160
Awards and prizes	8,053	-	4,815	12,868	16,784
Accounting fees	2,275	6,825	-	9,100	10,450
Association services	5,649	997	-	6,646	7,896
Meetings and conferences	3,343	319	2,307	5,969	10,806
Equipment rental and maintenance	2,412	-	-	2,412	3,012
Employee development	1,697	302	-	1,999	13,481
Enterprise	1,495	-	-	1,495	2,239
Interest	-	363	-	363	316
Legal fees	-	-	-	-	10,475
Miscellaneous	3,653	645	-	4,298	60,524
	<u>\$ 2,140,529</u>	<u>\$ 390,699</u>	<u>\$ 128,515</u>	<u>\$ 2,659,743</u>	<u>\$ 3,098,242</u>
Total expenses					

The accompanying notes are an integral part of these statements.

CORNELL COOPERATIVE EXTENSION ASSOCIATION OF ERIE COUNTY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020 (With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 120,159	\$ 112,148
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	18,513	17,360
Investment performance	(49,634)	(54,664)
Changes in:		
Accounts receivable	248,821	(36,440)
Mortgage receivable	6,805	6,473
Prepaid expenses	336	(9,840)
Deposits	324	(24,091)
Accounts payable and accrued expenses	(62,142)	11,500
Accounts payable - Cornell	15,647	36,264
Deferred revenue	<u>(68,792)</u>	<u>87,223</u>
Net cash flow from operating activities	<u>230,037</u>	<u>145,933</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(20,217)	(14,949)
Sale of investments	<u>3,617</u>	<u>3,939</u>
Net cash flow from investing activities	<u>(16,600)</u>	<u>(11,010)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	50,000	178,000
Payments on line of credit	(115,000)	(124,000)
Proceeds from Paycheck Protection Program loan payable	<u>118,478</u>	<u>-</u>
Net cash flow from financing activities	<u>53,478</u>	<u>54,000</u>
CHANGE IN CASH AND CASH EQUIVALENTS	266,915	188,923
CASH AND CASH EQUIVALENTS - beginning of year	<u>248,392</u>	<u>59,469</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 515,307</u>	<u>\$ 248,392</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 363</u>	<u>\$ 316</u>
Purchases of property and equipment in accounts payable at year end	<u>\$ -</u>	<u>\$ 8,798</u>

The accompanying notes are an integral part of these statements.

CORNELL COOPERATIVE EXTENSION ASSOCIATION OF ERIE COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. THE ASSOCIATION

Cornell Cooperative Extension Association of Erie County (the Association) is part of the Cornell Cooperative Extension land grant university system, a partnership among County, State and Federal governments.

Cornell Cooperative Extension was created as a state-wide system in 1911 as a Farm Bureau, and the Association was established in 1914, becoming an integral part of the land grant university system in the state of New York. The historic purpose of the Association is to provide continuing informal education to the people and communities of Erie County. The basic mission of Cornell Cooperative Extension is to disseminate and encourage the application of research-generated knowledge to individuals, families, businesses and communities.

Beginning in 2018, the Association contracted with the New York State Department of Agriculture and Markets to operate the Taste NY store. The store is located within the WNY Welcome Center in Grand Island, New York. Taste NY is a New York State initiative to promote and showcase local and regional farm products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Reporting

The Association categorizes net assets as net assets with donor restrictions and net assets without donor restrictions. Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit their use to a specific time period or purpose. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restriction. The Association's net assets consisted of the following:

- **Without Donor Restrictions**

Net assets without donor restrictions include operating net assets, which are not subject to donor-imposed stipulations, and are generally available for support of the Association's operations. Net assets without donor restrictions may also include amounts designated by the Board of Directors for specific program purposes.

- **With Donor Restrictions**

Net assets with donor restrictions include resources resulting from contributions of assets whose use by the Association is limited by donor imposed restrictions. Such restrictions either expire by passage of time, will be fulfilled by future actions of the Association, or require net assets to be held in perpetuity. Restrictions on gifts to acquire long-lived assets are considered met in the period in which assets are acquired or placed in service. Earnings on net assets with donor restrictions that are to be held in perpetuity are classified as net assets with donor restrictions until appropriated for expenditure by the Board or spent in accordance with the donor's specifications. In the absence of donor specification, the income and gains from assets with donor restrictions are considered without donor restriction as to its use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Program participation fees consist of amounts that families and individuals pay to participate in educational programs related to agriculture & natural resources, consumer horticulture, nutrition and 4-H youth development. Participants generally pay a onetime fee in advance which is initially recognized as a liability (deferred revenue) and is only recognized in the statements of activities and change in net assets after delivery of the program has occurred. All the Associations' revenue from contracts with customers are from performance obligations satisfied over time. Program participation fees are recognized ratably over the period the educational services are provided on a straight-line basis in an amount that reflects the consideration the Association expects to be entitled to and collect in exchange for those educational services. Fees are specific to a distinct performance obligation and do not consist of multiple transactions. Due to the timing and relatively short nature of the educational programs, there are no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period. Amounts billed but unpaid are contract assets and are recorded as accounts receivables. Amounts received before programs commences are contract liabilities and are recorded as deferred revenue.

Contributions and Government and Foundation Grants

Unconditional promises to give are recorded as revenue when the promise is made. Contributions are recognized when the donor makes an unconditional promise to give to the Association. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Association also receives grants from governmental agencies and other sources which is recognized as support when such revenue becomes unconditional.

Investments

Investments are stated at fair value. Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the Association's net assets.

Fair Value Measurements

The Association uses various valuation techniques in determining fair value. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Association. Unobservable inputs are inputs that reflect the Association's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Association has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The valuation methodology used for the Association's investments is discussed in Note 7.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposit and time deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. As of December 31, 2020 and 2019, management believes that a valuation allowance is not required as all accounts are considered collectible.

Mortgage Receivable

Mortgage receivable represents amounts due to the Association in connection with the sale of its building. The mortgage note is stated at its unpaid principal balance. Monthly payments of \$1,986 include interest at 5% per annum. The mortgage note matures on July 1, 2045.

An allowance for loan losses will be maintained at a level that, in management's judgment, is adequate to absorb losses on the mortgage note. The amount of the allowance is based on management's evaluation of the collectability of the mortgage note, including the nature of the mortgage note, economic conditions and other risks inherent with the mortgage note. Management has determined that no allowance is necessary at December 31, 2020 and 2019.

Property and Equipment

The Association follows the practice of capitalizing expenditures for property and equipment in excess of \$1,000. Purchased assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 39 years. When property is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statement of activities and change in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits

Annually, the Association and Cornell University (the University) enter into an agreement that includes a statement on the part of the Association that it will adhere to financial policies established by the University. The University administers the payroll function for the Association and requires a cash deposit to fund the disbursements of payroll. This deposit is reported as an asset on the statement of financial position. The associated payroll liability is reported as a current liability on the statement of financial position titled Accounts payable – Cornell.

Fringe Benefits

As required by the Cornell Cooperative Extension Financial Operations Resource Manual Code Section 706, with the exception of Workers' Compensation and Unemployment Insurance, fringe benefits for the Association's employees are provided by New York State through the University at no cost to the Association. The estimated value of this support to the Association for the year ending December 31, 2020 and 2019 was \$714,674 and \$730,777 respectively, and is reported as employee benefits on the statement of functional expenses.

Income Taxes

The Association is a subordinate organization group under group exemption 0645, under section 501(c)(3) of the Internal Revenue Code, and therefore exempt from federal income tax. The Association is covered by an IRS group ruling of Cornell Cooperative Extension in the State of New York. The Association has also been determined by the Internal Revenue Service as an entity that is not a private foundation.

Donated Services

Volunteers have donated significant amounts of time in support of the Association's activities. The value of these services is not reflected in the accompanying statements, as these services do not meet the criteria for recognition as set forth under GAAP.

Allocation of Certain Expenses

The financial statements report certain categories of expenses that are attributable to programing or supporting functions. Payroll and benefits are allocated based on time spent between the functions in accordance with time and effort reported by employees. Other expenses are charged directly to their related program. Any expenses not directly related to a specific program are allocated based on a percentage consistent with the payroll and benefits allocation, as estimated by management.

Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The future impact of this situation on the Association and its results and financial position is not presently determinable.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by functional expense category or net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

3. LIQUIDITY

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Association has a goal to maintain financial assets to meet 60 days of normal budgeted operating expenses. The following reflects the Association's financial assets as of the financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date. The accounts receivable are expected to be collected within one year.

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 515,307	\$ 248,392
Accounts receivable	<u>412,163</u>	<u>660,984</u>
Total current financial assets at year end	927,470	909,376
Less: Funds held in custody for New York State	(70,038)	(78,489)
Net assets with donor restrictions	<u>(8,630)</u>	<u>(18,960)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 848,802</u>	<u>\$ 811,927</u>

As more fully described in Note 9, the Association has a line of credit in the amount of \$400,000, which it could draw upon in the event of an unanticipated liquidity need.

4. BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions designated by the Board of Directors are as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Long term capital projects	\$ 1,070,676	\$ 1,024,658
Initial payment to Cornell University	86,657	86,981
Plant	43,121	50,214
Employee benefits	25,000	25,000
4-H livestock	22,563	22,563
Equipment fund	10,000	10,000
Liquidity Fund	10,000	10,000
4-H alumni	15,849	17,952
Other	<u>50,815</u>	<u>55,574</u>
	<u>\$ 1,334,681</u>	<u>\$ 1,302,942</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Held in perpetuity – scholarship program	\$ 5,000	\$ 5,000
Time restricted	<u>3,630</u>	<u>13,960</u>
	<u>\$ 8,630</u>	<u>\$ 18,960</u>

6. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Supplemental Nutrition Assistance Program	\$ 319,511	\$ 413,847
NYS Agriculture & Markets	74,525	183,602
Cornell University	13,095	15,624
United Way of Buffalo & Erie County	581	35,246
Other	<u>4,451</u>	<u>12,665</u>
	<u>\$ 412,163</u>	<u>\$ 660,984</u>

7. INVESTMENTS

Investments consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Mutual funds	<u>\$ 723,399</u>	<u>\$ 677,382</u>

Fair Value

The Association's investments are measured at fair value on a recurring basis using the following input levels at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds -				
Cash and cash equivalents	\$ 55,632	\$ -	\$ -	\$ 55,632
Domestic equity	161,813	-	-	161,813
Domestic bond fund	<u>505,954</u>	<u>-</u>	<u>-</u>	<u>505,954</u>
	<u>\$ 723,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,399</u>

7. INVESTMENTS (Continued)

Fair Value (Continued)

The Association's investments are measured at fair value on a recurring basis using the following input levels at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds -				
Cash and cash equivalents	\$ 44,497	\$ -	\$ -	\$ 44,497
Domestic equity	79,349	-	-	79,349
Domestic bond fund	<u>553,536</u>	<u>-</u>	<u>-</u>	<u>553,536</u>
	<u>\$ 677,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 677,382</u>

The valuation methodology used for the Association's assets measured at fair value, which consists of investments in mutual funds, is to value at quoted market prices of the investments on the last business day of the fiscal year.

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 46,371	\$ 46,372
Computers and equipment	85,701	79,282
Land	<u>5,000</u>	<u>-</u>
	<u>137,072</u>	<u>125,654</u>
Less: Accumulated depreciation	<u>(93,951)</u>	<u>(75,439)</u>
	<u>\$ 43,121</u>	<u>\$ 50,215</u>

Depreciation expense on the Association's property and equipment was \$18,513 and \$17,360 during the years ended December 31, 2020 and 2019, respectively.

9. LINE OF CREDIT

The Association has an unsecured line of credit that provides for borrowings up to \$400,000 through a financial institution. Amounts borrowed under the terms of the agreements bear interest at 4.25% and 6.50% as of December 31, 2020 and 2019, respectively. There was no outstanding balance as of December 31, 2020. There was an outstanding balance of \$65,000 as of December 31, 2019.

Interest expense totaled \$363 and \$316 during the years ended December 31, 2020 and 2019, respectively

10. LONG-TERM DEBT

Long-term debt as of December 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
On April 19, 2020, the Association entered into an unsecured promissory note payable to a bank in the amount of \$244,000. This note was entered into by the Association as part of the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP under the Coronavirus Aid, Relief, and Economic Security (CARES) Act). The PPP provides for this borrowing, or a portion of the borrowing, to be forgiven to the extent the Association meets defined requirements related to expenditure of the funds and management of the Association's personnel compliment. The Association has elected to account for its PPP arrangement as a conditional contribution, meaning that revenue is recorded as the conditions meeting the requirements for forgiveness are met. The Association administered the proceeds of its PPP arrangement and managed its staff complement in a manner that met the conditions for forgiveness for \$125,522 of the balance received under the PPP arrangement. This amount is recorded as Paycheck Protection Program grant income on the accompanying statement of activities. The remaining balance of \$118,478 of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.	\$ 118,478	\$ -
Less: Current portion	<u>(24,488)</u>	<u>-</u>
	<u>\$ 93,990</u>	<u>\$ -</u>

The aggregate annual maturities for long-term debt at December 31, 2020 are due as follows:

2021	\$ 24,488
2022	59,189
2023	<u>34,801</u>
	<u>\$ 118,478</u>

11. COMMITMENTS

The Association leases office equipment and office space under various non-cancelable operating leases. Lease expense was approximately \$73,000 and \$69,000 for the years ended December 31, 2020 and 2019.

Future minimum lease payments are as follows:

2021	\$ 42,894
2022	4,131
2023	2,718
2024	<u>1,864</u>
	<u>\$ 51,607</u>

12. RETIREMENT PLANS

Through the University, employees of the Association participate in the New York State and Local Employees' Retirement System (NYSERS). The Association has incurred no expense for retirement benefits under the plan for the years ended December 31, 2020 and 2019, as the estimated value of this support to the Association is reported as contributions-in-kind on the statement of activities and change in net assets and employee benefits on the statement of functional expenses.

13. RELATED PARTY TRANSACTIONS

The Association receives certain grant funding from the University to fund various programs throughout the year. The University also administers the payroll function and provides certain fringe benefits for the Association, as referenced in Note 2. The Association recognized professional services revenue of \$12,965 and \$10,374 during the years ending December 31, 2020 and 2019, respectively, related to grants that were funded by the University. The amount owed by the University to the Association that is included in accounts receivable on the statement of financial position as of December 31, 2020 and 2019 amounted to \$13,095 and \$15,624, respectively.

14. TRANSACTIONS WITH AFFILIATES

The Association has agreements in place with the Cooperative Extension Association of Wyoming County (CCE Wyoming) to provide support services related to administrative leadership, finance, human resources, and information technology through the Cooperative Extension Shared Business Network (the SBN), along with seven other county cooperative extensions. Expenses related to the SBN agreements are included in consulting and contracted services expenses on the statement of functional expenses in the amount of \$13,287 and \$18,885 for the years ended December 31, 2020 and 2019, respectively.

In addition, the Association had various memorandums of understanding in place with other affiliates related to grants that they work in conjunction on. The expenses related to these grants are included in consulting and contracted services expenses on the statement of functional expenses.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through July 27, 2021, the date these financial statements were available to be issued.