

**CITY OF GENEVA
DEVELOPMENT CORPORATION**

ONTARIO COUNTY, NEW YORK

**AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS**

For Years Ended December 31, 2022 and 2021



BUSINESS
ADVISORS
AND CPAS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Geneva Development Corporation
Ontario County, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of City of Geneva Development Corporation, Ontario County, New York, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of City of Geneva Development Corporation, Ontario County, New York as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 City of Geneva Development Corporation, Ontario County, New York and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Geneva Development Corporation, Ontario County, New York's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Geneva Development Corporation, Ontario County, New York's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Geneva Development Corporation, Ontario County, New York's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2023 on our consideration of City of Geneva Development Corporation, Ontario County, New York'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 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 City of Geneva Development Corporation, Ontario County, New York's internal control over financial reporting and compliance.

Rochester, New York
September 22, 2023

Mengel, Metzger, Baw & Co. LLP

Statement 1**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK****Statements of Financial Position****December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<u>ASSETS:</u>		
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 123,309	\$ 172,908
Investment - certificates of deposit	81,623	81,379
Land held for investment	44,567	44,567
Total Current Assets	<u>\$ 249,499</u>	<u>\$ 298,854</u>
TOTAL ASSETS	<u>\$ 249,499</u>	<u>\$ 298,854</u>
<u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 30,000	\$ 25,000
Total Current Liabilities	<u>\$ 30,000</u>	<u>\$ 25,000</u>
TOTAL LIABILITIES	<u>\$ 30,000</u>	<u>\$ 25,000</u>
<u>NET ASSETS:</u>		
<u>Without Donor Restrictions -</u>		
Operating	\$ 219,499	\$ 273,854
TOTAL NET ASSETS	<u><u>\$ 219,499</u></u>	<u><u>\$ 273,854</u></u>

(The accompanying notes are an integral part of these financial statements)

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statements of Activities

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>OPERATING EXPENSES:</u>		
Program Services	\$ 32,260	\$ 10,675
Support Services - Management & General	22,500	1,100
TOTAL OPERATING EXPENSES	<u>\$ 54,760</u>	<u>\$ 11,775</u>
 CHANGE IN NET ASSETS BEFORE OTHER INCOME	 \$ (54,760)	 \$ (11,775)
 Interest Income, Other	 <u>405</u>	 <u>437</u>
 CHANGE IN NET ASSETS	 \$ (54,355)	 \$ (11,338)
 NET ASSETS - BEGINNING OF YEAR	 <u>273,854</u>	 <u>285,192</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 219,499</u></u>	 <u><u>\$ 273,854</u></u>

(The accompanying notes are an integral part of these financial statements)

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statements of Functional Expenses

For the Years Ended December 31, 2022 and 2021

	Program Services	Supporting Services Management and General	2022	Program Services	Supporting Services Management and General	2021
Project Development & Professional Fees	\$ 32,260	\$ -	\$ 32,260	\$ 10,675	\$ -	\$ 10,675
Professional fees	-	22,500	22,500	-	1,100	1,100
	<u>\$ 32,260</u>	<u>\$ 22,500</u>	<u>\$ 54,760</u>	<u>\$ 10,675</u>	<u>\$ 1,100</u>	<u>\$ 11,775</u>

(The accompanying notes are an integral part of these financial statements)

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

Statement of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash payments for contractual and legal expenses	\$ (49,760)	\$ (21,775)
Net Cash (Used) by Operating Activities	<u>\$ (49,760)</u>	<u>\$ (21,775)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	\$ 161	\$ 193
Net Cash Provided by Investing Activities	<u>\$ 161</u>	<u>\$ 193</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (49,599)	\$ (21,582)
BEGINNING CASH AND CASH EQUIVALENTS	<u>172,908</u>	<u>194,490</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 123,309</u></u>	<u><u>\$ 172,908</u></u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	<u>\$ (54,760)</u>	<u>\$ (11,775)</u>
Adjustments to Reconcile Change in Net Assets to Net cash Provided by (Used in) Operating Activities:		
Increase/(decrease) in accounts payable	\$ 5,000	\$ (10,000)
Total Adjustments	<u>\$ 5,000</u>	<u>\$ (10,000)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (49,760)</u></u>	<u><u>\$ (21,775)</u></u>

(The accompanying notes are an integral part of these financial statements)

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(Note 1) Summary of Significant Accounting Policies:

A. Organization

The City of Geneva Development Corporation, (the Corporation) was formed under the Not-for-Profit Corporation Law of the State of New York for the purpose of creating employment opportunities, thereby improving the quality and condition of life in the City of Geneva, New York (the City). This is accomplished by encouraging and affecting the retention of existing business and industry, as well as encouraging the location and expansion of residential, commercial, industrial, and manufacturing facilities in the City. The Corporation is subject to the provisions of the New York State Public Authorities Law. As a local authority under this law, the Corporation is required to make certain information available to the public.

B. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Revenues are recognized when earned and expenses are recognized when incurred.

The Corporation reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. In addition, the Corporation is required to present a Statement of Cash Flows. The Corporation reports only net assets without donor restrictions at December 31, 2022 and 2021.

C. Cash and Cash Equivalents

For purposes of presenting the Statement of Cash Flows, the Corporation considers all highly liquid cash accounts and other temporary investments of one year or less as cash equivalents.

D. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(Note 1) (Continued)

E. Operating and Nonoperating Revenues and Expenses

The corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Corporation's principal ongoing operations. The principal operating revenues of the Corporation's funds are administrative fees. Operating expenses for the Corporation include the cost of the operation and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. Income Taxes

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been provided for in the financial statements. The Corporation files its Return for Organization Exempt from Income Tax in the U.S. federal jurisdiction and its Annual Filing of Charitable Organization in New York State.

G. New Accounting Pronouncement - Leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the guidance in this new standard is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Corporation adopted ASC 842 with an initial application of January 1, 2022. The Corporation determined no such leases exist and had no change on the financial statements.

(Note 2) Cash and Cash Equivalents:

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. While the Corporation does not have a specific policy for custodial credit risk, New York State statutes govern the Corporation's investment policies, as discussed previously in these notes. Deposits at December 31, 2022 were fully covered by FDIC insurance.

(Note 3) Land Held for Investment:

The corporation has an asset of land that is being held for future development in the amount of \$44,567 as of December 31, 2022 and 2021. This investment represents the Corporation's share of joint venture between the Corporation, city of Geneva Industrial Development Agency, and City of Geneva.

(Note 4) Net Assets:

A. Net Assets Without Donor Restrictions

Operating – represents funds available for operations.

(Note 5) Commitments and Contingencies:

A. Litigation

The Corporation is not aware of any pending litigation as of the statement of financial position date.

(Note 6) Functional Expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

(Note 7) Subsequent Events:

Events and transactions which have occurred between December 31, 2022 and September 22, 2023, the date of these financial statements, have been evaluated by the Corporation's management for the purpose of determining whether there were any events that might require disclosure in these financial statements. No such events or transactions were noted.



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**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
City of Geneva Development Corporation
Ontario County, 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 City of Geneva Development Corporation, Ontario County, New York, (the Corporation), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements, and have issued our report thereon dated September 22, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (#2022-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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*.

Corporation's Response to Findings

The Corporation's response to the finding identified in the engagement is described in the accompanying schedule of findings and responses. The Corporation's responses were not subjected to the auditing procedures applied in the engagement to audit of the financial statements and, accordingly, we express no opinion on it.

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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 22, 2023

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2022

I. Summary of the Auditor's Results

Financial Statements

a) Type of auditor's report issued	Unmodified
b) Internal control over financial reporting	
1. Material weaknesses identified	No
2. Significant deficiency(ies) identified	No
c) Noncompliance material to financial statements noted	Yes

II. Financial Statement Findings

2022-001 Annual Report and Independent Audit Report

Observation: The Corporation must submit a copy of the annual report, independent audit report, a management letter, and any other external examination of the books and accounts of the Agency within 90 days after its fiscal year end. This did not occur for the year ended December 31, 2022 as the audit report was unable to be issued timely.

Recommendation: We recommend the LDC ensure an independent audit and related report are able to be completed timely to ensure this requirement is met.

Views of Responsible Officials and Planned Corrective Actions: The LDC board and management will, to the extent that it is within their control, ensure that an audit firm is engaged and ready to begin audit work earlier in the year to avoid late filings.

Criteria: The Corporation must submit a copy of the annual report, independent audit report, a management letter, and any other external examination of the books and accounts of the Corporation within 90 days after its fiscal year end.

Condition: The December 31, 2022 audit report was not able to be issued within 90 days after the Corporation fiscal year end.

Cause: Due to recent changes in the Corporation's management company and independent auditor, the audit process was delayed, and could not be completed timely.

Effect: The Corporation could face reduced ability to continue operations if the situation is not corrected.



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Independent Accountant's Report

To the Board of Directors
City of Geneva
Local Development Corporation
Geneva, New York

We have examined the City of Geneva Local Development Corporation, New York, (the Corporation)'s, compliance with its own investment guidelines, the New York State Comptroller's Investment Guidelines, and Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period January 1, 2022 to December 31, 2022. The management of the Corporation is responsible for the Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depending on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with its own investment guidelines, the New York State Comptroller's Investment Guidelines, and Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period January 1, 2022 to December 31, 2022.

Mengel, Metzger, Bar & Co. LLP

Rochester, New York
September 22, 2023

**CITY OF GENEVA
DEVELOPMENT CORPORATION
ONTARIO COUNTY, NEW YORK
COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT
For Year Ended December 31, 2022**



BUSINESS
ADVISORS
AND CPAS

September 22, 2023

To the Board of Directors
City of Geneva Development Corporation
Ontario County, New York

In planning and performing our audit of the financial statements of the City of Geneva Development Corporation, Ontario County, New York (the Corporation) as of and for the year ended December 31, 2022, 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, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control including the possibility of management override of internal controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Corporation's internal control to be a significant deficiency.

Significant Deficiency:

Reporting Due Date –

The Corporation did not submit a copy of the annual report, independent audit report, a management letter, and any other external examination of the books and accounts of the Agency within 90 days after its fiscal year end.

We recommend the Corporation ensure an independent audit and related report are able to be completed timely to ensure this requirement is met.

We believe that the implementation of these recommendations will provide the corporation with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, the Board of Directors, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
September 22, 2023