

**ALLEGANY COUNTY TELECOMMUNICATIONS
DEVELOPMENT CORPORATION**

REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2021

**ALLEGANY COUNTY TELECOMMUNICATIONS
DEVELOPMENT CORPORATION**

TABLE OF CONTENTS

Independent Auditor’s Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to financial statements	7
Independent Auditor’s Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9
Independent Auditor’s Report on Compliance with §2925 (3)(f) of the New York State Public Authorities Law	11
Schedule of Findings and Questioned Costs	12



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of ***Allegany County Telecommunications
Development Corporation (ACTDC)***

Opinion

We have audited the accompanying financial statements of **ACTDC** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **ACTDC** as of December 31, 2021, and the changes in 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. 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 **ACTDC** 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 **ACTDC's** ability to continue as a going concern within 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 **ACTDC'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 **ACTDC'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.

Report on Summarized Comparative Information

We have previously audited **ACTDC's** 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022 on our consideration of **ACTDC'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 **ACTDC's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **ACTDC's** internal control over financial reporting and compliance.

Other Reporting Required by New York State Public Authorities Law

In accordance with New York State Public Authorities Law, we have also issued our report dated March 9, 2022 on our consideration of **ACTDC's** compliance with §2925(3)(f) of the New York State Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe **ACTDC** failed to comply with the Organization's Investment Guidelines, the New York State Comptroller's Investment Guidelines, and §2925(3)(f) of the New York State Public Authorities Law.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
MARCH 9, 2022
OLEAN, NY 14760**

ALLEGANY COUNTY TELECOMMUNICATIONS DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

<i>As of December 31,</i>	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 8,402	\$ 17,691
Accounts receivable	1,969	-
Total assets	<u>\$ 10,371</u>	<u>\$ 17,691</u>
Liabilities and Net Assets		
Liabilities	\$ -	\$ -
Net assets		
Without donor restrictions	10,371	17,691
Total liabilities and net assets	<u>\$ 10,371</u>	<u>\$ 17,691</u>

<i>For the Year Ended December 31,</i>	<u>2021</u>	<u>2020</u>
Revenues		
Bandwidth sales	<u>\$ 37,567</u>	<u>\$ 9,036</u>
Expenses		
Program services	38,210	25,264
Management and general	<u>6,677</u>	<u>4,458</u>
Total expenses	<u>44,887</u>	<u>29,722</u>
Change in net assets	<u>(7,320)</u>	<u>(20,686)</u>
Net assets, beginning of year	<u>17,691</u>	<u>38,377</u>
Net assets, end of year	<u><u>\$ 10,371</u></u>	<u><u>\$ 17,691</u></u>

ALLEGANY COUNTY TELECOMMUNICATIONS DEVELOPMENT CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

	2021			2020	
	Program Services	Management and general	Total	Total	
Professional fees	\$ 16,480	\$ 2,908	\$ 19,388	\$	3,771
Payroll	775	137	912		12,854
Broadband projects	11,404	2,012	13,416		12,427
Repairs and maintenance	8,416	1,485	9,901		-
Office expenses	340	60	400		200
Insurance	372	-	372		159
Utilities and telephone	290	51	341		311
Miscellaneous	133	24	157		-
Total expenses	\$ 38,210	\$ 6,677	\$ 44,887	\$	29,722

For the Year Ended December 31,

	2021	2020
Cash flows from operating activities		
Receipts:		
Bandwidth sales	\$ 35,598	\$ 9,036
Payments:		
Contracted services	(912)	(12,854)
Professional fees	(19,388)	(3,771)
Broadband projects	(13,416)	(12,427)
Other operating expenses	(11,171)	(670)
Net cash used in operating activities	(9,289)	(20,686)
Net change in cash	(9,289)	(20,686)
Cash at beginning of year	17,691	38,377
Cash at end of year	\$ 8,402	\$ 17,691

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Nature of Operations

Allegany County Telecommunications Development Corporation (ACTDC) was incorporated on August 25, 2015 under the Not-for-Profit Corporation law in of the State of New York. The Corporation's mission is to provide telecommunications infrastructure for the purpose of aiding a community or geographical area by relieving and reducing unemployment, promoting and providing for additional and maximum employment, better and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, attracting industry to the community or area by encouraging the development of, or retention of an industry in the community or area. 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 have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

1) Net Assets Without Donor Restrictions

- Net assets that are not subject to any donor-imposed time or purpose restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

2) Net Assets With Donor Restrictions

- Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying financial statements.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

F. Concentrations of Credit Risk

The Organization maintains its accounts at a single financial institution. The Organization's cash balances may from time to time exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. There were no uninsured amounts at December 31, 2021 and 2020.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

G. Investments

In accordance with §2925(6) of the Public Authorities Law for New York State, Public Authorities, the Organization reported no investments as of December 31, 2021 or 2020. Investment policies are reviewed annually.

H. Accounts Receivable

Accounts receivable are presented at net realizable value and are due 30 days after billing. The Organization's receivables represent unpaid amounts on services rendered. The adequacy of the allowance for doubtful collections based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Due to the high likelihood of collection, now allowance was deemed necessary as of December 31, 2021 and 2020.

I. Revenue Recognition

ACTDC receives revenue primarily through its contract with Allegany County to provide management and marketing services for its E-911 and wireless broadband telecommunications infrastructure and via sales of internet bandwidth. At December 31, 2021 and 2020, the Organization has met the performance obligations in those respective agreements and recognized the corresponding revenue in the accompanying financial statements.

J. Expense Allocation (Functional Expenses)

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Expenses that are readily identifiable to a specific program or supporting service are charged directly to that service. Expenses attributable to more than one program or supporting service are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and occupancy expenses, which are allocated based on estimated usage, square footage, or employment related expenses, which when not directly related to a program, are allocated based on estimates of time and effort.

K. Advertising

Advertising costs are expensed as incurred.

L. Contingencies

The Organization has received grants which are subject to audit by agencies of the state. Such audits may result in disallowances and a request for a return of funds. Based on no known significant areas of non-compliance, the Organization believes disallowances, if any, will not be material.

M. Reclassifications

Certain items in the prior year's financial statements have been reclassified to conform with reporting in the current year.

N. Income Taxes

ACTDC is a public benefit corporation of the State of New York and is exempt from income taxes under Section 501(c)4 of the Internal Revenue Code. Therefore, no provision for income taxes is reflected in the financial statements. Management was not aware of any pending examinations as of the date of this report. Tax returns for the previous three years remain open for examination by taxing authorities.

O. Subsequent Events

The Organization has evaluated events and transactions as of the date of this report. The COVID-19 pandemic continues to have a notable impact on economic conditions, including funding cuts and reduced donor giving. The extent and impact of the pandemic on **ACTDC** and its operations are uncertain and cannot be reasonably estimated at this time.



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

To the Board of Directors

Allegany County Telecommunications Development Corporation (ACTDC)

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 **ACTDC** (a nonprofit organization), as of and for the years ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **ACTDC's** internal control over financial reporting (internal control) as a basis for designing audit 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 **ACTDC's** internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 **ACTDC** 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
MARCH 9, 2022
OLEAN, NY 14760**



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Allegany County Telecommunications Development Corporation (ACTDC)

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 financial statements of **ACTDC**, a nonprofit organization, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Organization's financial statements, and have issued our opinion thereon March 9, 2022.

In connection with our audit, nothing came to our attention that caused us to believe **ACTDC** failed to comply with the Organization's Investment Guidelines, the New York State Comptroller's Investment Guidelines, or §2925 of the New York State Public Authorities Law (collectively, Investment Guidelines), which is the responsibility of the Organization's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines.

This communication is intended solely for the information and use of the Board of Directors and management of **ACTDC** and the Office of the Comptroller of the State of New York and is not intended to be, and should not be, used by anyone other than these specified parties.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
MARCH 9, 2022
OLEAN, NY 14760**

Section I – Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of *Allegany County Telecommunications Development Corporation (ACTDC)*.
2. No deficiencies in internal controls related to the audit of the financial statements are reported in the Report on Internal Controls over Financial Reporting.
3. No instances of noncompliance material to the financial statements of *ACTDC* were disclosed during the audit.

Section II – Financial Statement Findings

A. Internal Control Over Financing Reporting

There were no findings related to internal control over financial reporting noted for the year ending December 31, 2021.

B. Compliance and Other Matters

There were no compliance findings noted for the year ending December 31, 2021.

Section III – Summary Schedule of Prior Year Findings

A. Internal Control Over Financing Reporting

There were no findings related to internal control over financial reporting noted for the year ending December 31, 2020.

B. Compliance and Other Matters

There were no compliance findings noted for the year ending December 31, 2020.