

**CORNELL AGRICULTURE AND FOOD
TECHNOLOGY PARK CORPORATION**

Financial Statements

December 31, 2018 and 2017

**CORNELL AGRICULTURE AND FOOD
TECHNOLOGY PARK CORPORATION**

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INDEPENDENT AUDITOR'S REPORT

To: Board of Trustees of Cornell Agriculture and Food Technology Park Corporation

Report on the Financial Statement

We have audited the accompanying financial statements of Cornell Agriculture and Food Technology Park Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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.

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Other Locations: Chili, Dansville, Geneva, Greece, Irondequoit, Penfield

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cornell Agriculture and Food Technology Park Corporation as of December 31, 2018 and 2017, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses at Schedule I is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Petrella Phillips LLP
Certified Public Accountants

Geneva, New York
March 22, 2019

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements of Financial Position
December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Cash	\$ 198,792	\$ 77,669
Program receivables	1,322	630
Unconditional promises to give:		
Grants	0	42,264
Prepaid expense	<u>4,508</u>	<u>5,707</u>
Total Current Assets	<u>204,622</u>	<u>126,270</u>
<u>Net Property and Equipment</u>		
Office furniture and equipment	133,073	133,073
Equipment	202,186	202,186
Land improvements	2,619,322	2,619,322
Building	<u>6,737,794</u>	<u>6,737,794</u>
	9,692,375	9,692,375
Less: Accumulated depreciation	<u>(4,846,833)</u>	<u>(4,490,759)</u>
Total Property and Equipment, Net	<u>4,845,542</u>	<u>5,201,616</u>
Total Assets	<u>\$ 5,050,164</u>	<u>\$ 5,327,886</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts payable	\$ 18,175	\$ 16,867
Accrued expenses	2,808	2,386
Deferred revenue	<u>3,475</u>	<u>2,475</u>
Total Current Liabilities	<u>24,458</u>	<u>21,728</u>
Total Liabilities	<u>24,458</u>	<u>21,728</u>
<u>Net Assets</u>		
Without donor restrictions	5,025,706	5,306,158
With donor restrictions	<u>0</u>	<u>0</u>
Total Net Assets	<u>5,025,706</u>	<u>5,306,158</u>
Total Liabilities and Net Assets	<u>\$ 5,050,164</u>	<u>\$ 5,327,886</u>

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of these Financial Statements

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements of Activities
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenue</u>			
Grants and agreements	\$ 210,000	\$ 0	\$ 210,000
Program revenue	139,348	0	139,348
Direct public support	0	0	0
In-kind public support	19,000	0	19,000
Interest income	301	0	301
Miscellaneous income	23	0	23
Net assets released from restrictions:			
Satisfaction of payments	<u>0</u>	<u>0</u>	<u>0</u>
Total Support and Revenue	<u>368,672</u>	<u>0</u>	<u>368,672</u>
<u>Expenses</u>			
Program services			
Agriculture fostering	445,348	0	445,348
Supporting services			
Management and general	203,776	0	203,776
Fund-raising	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>649,124</u>	<u>0</u>	<u>649,124</u>
Changes in Net Assets	(280,452)	0	(280,452)
Net Assets – Beginning of year	<u>5,306,158</u>	<u>0</u>	<u>5,206,158</u>
Net Assets – End of year	<u>\$ 5,025,706</u>	<u>\$ 0</u>	<u>\$ 5,025,706</u>

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of these Financial Statements

Exhibit "B"
(Continued)

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements of Activities
For the Years Ended December 31, 2018 and 2017

	<u>2017</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenue</u>			
Grants and agreements	\$ 134,693	\$ 0	\$ 134,693
Program revenue	111,957	0	111,957
Direct public support	84,527	0	84,527
In-kind public support	14,500	0	14,500
Interest income	149	0	149
Miscellaneous income	883	0	883
Net assets released from restrictions:			
Satisfaction of payments	<u>33,204</u>	<u>(33,204)</u>	<u>0</u>
Total Support and Revenue	<u>379,913</u>	<u>(33,204)</u>	<u>346,709</u>
<u>Expenses</u>			
Program services			
Agriculture fostering	446,700	0	446,700
Supporting services			
Management and general	205,956	0	205,956
Fund-raising	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>652,656</u>	<u>0</u>	<u>652,656</u>
Change in Net Assets	(272,743)	(33,204)	(305,947)
Net Assets – Beginning of year	<u>5,578,901</u>	<u>33,204</u>	<u>5,612,105</u>
Net Assets – End of year	\$ <u>5,306,158</u>	\$ <u>0</u>	\$ <u>5,306,158</u>

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of these Financial Statements

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Decrease in net assets	\$ (280,452)	\$ (305,947)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	356,074	353,177
Change in Operating Assets and Liabilities:		
(Increase) Decrease in program receivable	41,571	8,893
(Increase) Decrease in prepaid expenses	1,199	(1,058)
Increase (Decrease) in accounts payable	1,308	(54,391)
Increase (Decrease) in accrued expenses	422	0
Increase (Decrease) in deferred revenue	<u>1,000</u>	<u>2,475</u>
Net Cash Provided by Operating Activities	<u>121,122</u>	<u>3,149</u>
<u>Cash Flows from Investing Activities</u>		
Purchases of property and equipment	<u>0</u>	(72,981)
Net Cash Used by Investing Activities	<u>0</u>	(72,981)
<u>Cash Flows from Financing Activities</u>		
Proceeds from line of credit	0	10,000
Payment on line of credit	<u>0</u>	(10,000)
Net Cash Provided by Financing Activities	<u>0</u>	<u>0</u>
Net (Decrease) Increase in Cash	121,122	(69,832)
Beginning – Cash	<u>77,669</u>	<u>147,501</u>
Ending – Cash	\$ <u>198,791</u>	\$ <u>77,669</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid for interest	\$ <u>0</u>	\$ <u>38</u>

See Independent Auditor's Report
The Accompanying Notes are an Integral Part of these Financial Statements

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 1 NATURE OF THE ORGANIZATION

Cornell Agriculture and Food Technology Park Corporation (CAFTP) is a not-for-profit agency organized under section 501(c)(3) of the Internal Revenue Code. The Organization was formed in 2000 and qualifies for the charitable contribution deductions for individual donors.

CAFTP's mission is to foster creation, retention and expansion of agriculture, food and related research and development enterprises to benefit the New York economy, and to strengthen the Geneva Experiment Station by fostering technology transfers and partnerships with commercial firms.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with principles generally accepted in the United States of America.

Effective January 1, 2018, the Organization has adopted the financial statement presentation FASB Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), as they relate to net assets, liquidity, and financial flexibility and information on functional expenses.

Estimates

The preparation of financial statements in conformity with generally accepted 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Property and Equipment

The Organization has a policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Property and equipment are capitalized at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Estimated useful lives of the assets are as follows:

Office furniture and equipment	5 - 7 years
Land improvements	15 years
Tenant improvements	15 years
Building	39 years

Depreciation expense amounted to \$356,074 and \$353,177 for the years ended December 31, 2018 and 2017, respectively.

See Independent Auditor's Report

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Income Taxes

CAFTP is a not-for-profit organization and therefore is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified by the Internal Revenue Service as an entity that is not a private Foundation.

Management believes that the Organization is currently operating in compliance with the applicable requirements of the Internal Revenue Code. As of December 31, 2018, the Organization does not have any unrecognized tax benefits or liabilities. The Organization has not been subject to federal and state income tax examinations by tax authorities. The Organization's informational returns are subject to audit by various taxing authorities and its periods currently open for examination are for the years December 31, 2015, 2016, and 2017.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 22, 2019, the date the financial statements were available to be issued.

NOTE 3 RECEIVABLES

Receivables due to the Organization are comprised of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Tenants	\$ 1,322	\$ 630
Grant	<u>0</u>	<u>42,264</u>
Receivables	<u>\$ 1,322</u>	<u>\$ 42,894</u>

NOTE 4 DEFERRED REVENUE

Deferred revenue consists of prepaid rent from tenants. Deferred revenue totaled \$3,475 and \$2,475 for the years ended December 31, 2018 and 2017, respectively.

See Independent Auditor's Report

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 5 LINE OF CREDIT

The Organization entered into a demand line of credit with Lyons National Bank in the amount of \$25,000 that bears interest at the Wall Street prime plus 1.5% when in use. There was no outstanding balance on the line of credit as of December 31, 2018 and 2017.

NOTE 6 LEASES

The Organization entered into a four year operating lease maintenance agreement with Ricoh USA, Inc. for a copy machine. The lease agreement provides for monthly payments of \$104 over 48 months, not including supplies, surcharges and other operating costs billed monthly. Lease expense amounted to \$1,930 and \$1,641 for the years ended December 31, 2018 and 2017, respectively.

Future minimum rental expense for the five years following December 31, 2018 is as follows:

2019	\$ 1,250
2020	625
Thereafter	<u>0</u>
 Total	 \$ <u>1,875</u>

NOTE 7 SERVICES DONATED IN-KIND

The Organization has an agreement with Cornell AgriTech, part of, Cornell University whereby the University provides in-kind services to the Organization for general repairs and maintenance, mowing, and snowplowing. For the years ended December 31, 2018 and 2017, the estimated value of these services was \$19,000 and \$14,500 and is included in the Organization's statement of activities.

NOTE 8 RETIREMENT PLAN

The Organization has a 401(k) Retirement Plan in place for all eligible employees. The Organization matches up to 3% of employee's retirement contribution based on employee's eligible salary for all eligible employees. Contributions amounted to \$0 for the years ended December 31, 2018 and 2017.

NOTE 9 CONCENTRATIONS

The Organization maintains its cash at two financial institutions in New York. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per customer. The Organization had no uninsured cash balances at December 31, 2018 and 2017, respectively.

See Independent Auditor's Report

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 10 COST ALLOCATION

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

For the year ended December 31, 2018, the expenses that are allocated include compensation, benefits and related expenses allocated based on estimates of time and effort, 85% to program and 15% to supporting services. Overhead maintenance of property and occupancy are allocated based on estimates of square footage unless the expenditure can be associated to specifically program or management and general function, 89% to program and 11% to supporting services. Depreciation is allocated based on square footage, 55% to program and 45% to supporting services. The administrative expenses are allocated based on estimate time and effort, 63% to program and 37% to supporting services.

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Wages and related payroll	\$ 100,792	\$ 17,787	\$ 118,579
Occupancy and overhead	131,615	15,748	147,363
Administrative	17,100	10,008	27,108
Depreciation	<u>195,841</u>	<u>160,233</u>	<u>356,074</u>
Total 2018 expenses	<u>\$ 445,348</u>	<u>\$ 203,776</u>	<u>\$ 649,124</u>

For the year ended December 31, 2017, the expenses that are allocated include compensation, benefits and related expenses allocated based on estimates of time and effort, 85% to program and 15% to supporting services. Overhead maintenance of property and occupancy are allocated based on estimates of square footage unless the expenditure can be associated to specifically program or management and general function, 90% to program and 10% to supporting services. Depreciation is allocated based on square footage, 55% to program and 45% to supporting services. The administrative expenses are allocated based on estimate time and effort, 75% to program and 25% to supporting services.

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Wages and related payroll	\$ 100,894	\$ 17,805	\$ 118,699
Occupancy and overhead	138,438	19,318	157,756
Administrative	13,120	9,904	23,024
Depreciation	<u>194,247</u>	<u>158,930</u>	<u>353,177</u>
Total 2017 expenses	<u>\$ 446,699</u>	<u>\$ 205,957</u>	<u>\$ 652,656</u>

See Independent Auditor's Report

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contracted or donor imposed restrictions within one year of the balance sheet date.

Financial assets at year-end consists of:

	<u>2017</u>	<u>2018</u>
Cash	\$ 198,792	\$ 77,669
Receivables	<u>1,322</u>	<u>42,894</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>200,114</u>	 \$ <u>120,563</u>

None of the financial assets are subject to contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. As part of the Organization's liquidity management, it holds cash in short-term savings accounts. In addition to the above amounts, the Organization has a committed line of credit in the amount of \$25,000 which it could draw upon in the event of an unanticipated liquidity need.

See Independent Auditor's Report

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Schedules of Functional Expenses
For the Years Ended December 31, 2018 and 2017

2018

	Program Services	Supporting Services		Total
	<u>Agriculture Fostering</u>	<u>Management and General</u>	<u>Fund-raising</u>	
Advertising and marketing	\$ 1,383	\$ 153	\$ 0	\$ 1,536
Bad debt	630	0	0	630
Bank charges	55	18	0	73
Dues and subscriptions	999	112	0	1,111
Fees	926	378	0	1,304
Insurance	14,970	1,788	0	16,758
Maintenance	47,202	5,245	0	52,447
Meetings and conferences	348	0	0	348
Office expense	2,112	704	0	2,816
Payroll	93,655	16,528	0	110,183
Payroll taxes	7,137	1,259	0	8,396
Postage	100	33	0	133
Professional fees	10,547	8,610	0	19,157
Telephone	4,494	1,498	0	5,992
Utilities	64,949	7,217	0	72,166
Depreciation expense	195,841	160,233	0	356,074
Interest expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$ <u>445,348</u>	\$ <u>203,776</u>	\$ <u>0</u>	\$ <u>649,124</u>
Percentage of Total Expenses	<u>68.61%</u>	<u>31.39%</u>	<u>0.00%</u>	<u>100%</u>

See Independent Auditor's Report

CORNELL AGRICULTURE AND FOOD TECHNOLOGY PARK CORPORATION
Schedules of Functional Expenses
For the Years Ended December 31, 2018 and 2017

2017

	Program Services		Supporting Services	
	<u>Agriculture Fostering</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Advertising and marketing	\$ 1,250	\$ 26	\$ 0	\$ 1,276
Bad debt	0	0	0	0
Bank charges	103	5	0	108
Dues and subscriptions	670	75	0	745
Fees	116	288	0	404
Insurance	11,412	5,016	0	16,428
Maintenance	66,850	7,428	0	74,278
Meetings and conferences	445	0	0	445
Office expense	1,728	576	0	2,304
Payroll	93,296	16,464	0	109,760
Payroll taxes	7,598	1,341	0	8,939
Postage	62	26	0	88
Professional fees	8,746	8,870	0	17,616
Telephone	846	282	0	1,128
Utilities	59,330	6,592	0	65,922
Depreciation expense	194,247	158,930	0	353,177
Interest expense	<u>0</u>	<u>38</u>	<u>0</u>	<u>38</u>
Total Expenses	\$ <u>446,699</u>	\$ <u>205,957</u>	\$ <u>0</u>	\$ <u>652,656</u>
Percentage of Total Expenses	<u>68.44%</u>	<u>31.56%</u>	0.00%	<u>100%</u>

See Independent Auditor's Report