

**J**EFFERSON COUNTY LOCAL  
DEVELOPMENT CORPORATION

---

*FINANCIAL STATEMENTS*  
September 30, 2018

# Table of Contents

---

---

## JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

INDEPENDENT AUDITOR'S REPORT	1
AUDITED FINANCIAL STATEMENTS	3
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT 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>	14



**BOWERS & COMPANY  
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT**

---

**TO THE BOARD OF DIRECTORS  
JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION** (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

120 Madison Street, 1700 AXA Tower II, Syracuse, NY 13202 Phone: 315.234.1100 • Fax: 315.234.1111  
1120 Commerce Park Drive East, Watertown, NY 13601 Phone: 315.788.7690 • Fax: 315.788.0966

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

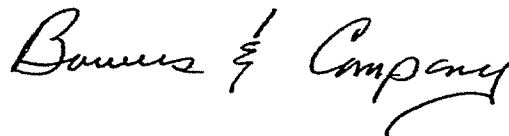
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson County Local Development Corporation as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Jefferson County Local Development Corporation's September 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of Jefferson County Local Development Corporation'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 Jefferson County Local Development Corporation'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 Jefferson County Local Development Corporation's internal control over financial reporting and compliance.



Watertown, New York  
November 30, 2018

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

**AUDITED FINANCIAL STATEMENTS**

---

**STATEMENT OF FINANCIAL POSITION**

September 30, 2018 with Comparative Totals for 2017

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,512,584	\$ 2,842,454
Loans Receivable	1,149,145	1,279,247
Grants Receivable	-	20,000
Prepaid Expenses	3,290	2,554
Total Current Assets	<u>3,665,019</u>	<u>4,144,255</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>71,437</u>	<u>94,523</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,736,456</u></u>	<u><u>\$ 4,238,778</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 7,394	\$ 16,241
Accrued Expenses	37,328	36,573
Unearned Revenue	35,279	34,000
Total Liabilities	<u>80,001</u>	<u>86,814</u>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	<u>3,656,455</u>	<u>4,151,964</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,736,456</u></u>	<u><u>\$ 4,238,778</u></u>

---

See notes to audited financial statements.

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

**STATEMENT OF ACTIVITIES**

Year Ended September 30, 2018 with Comparative Totals for September 30, 2017

	2018	2017
<b>SUPPORT AND REVENUE</b>		
Jefferson County Support	\$ 408,040	\$ 406,000
Grant Income	14,229	25,996
Application and Processing Fees	1,721	-
Interest on Loans Receivable	52,300	65,076
Interest Income	4,185	4,616
Miscellaneous	3,960	882
Total Support and Revenue	<u>484,435</u>	<u>502,570</u>
<b>EXPENSES</b>		
Program Services	694,749	711,946
General and Administrative	285,195	273,504
Total Expenses	<u>979,944</u>	<u>985,450</u>
<b>CHANGE IN NET ASSETS</b>	(495,509)	(482,880)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>4,151,964</u>	<u>4,634,844</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 3,656,455</u></u>	<u><u>\$ 4,151,964</u></u>

---

See notes to audited financial statements.

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended September 30, 2018 with Summarized Totals for September 30, 2017

	<b>Program Services</b>	<b>General and Administrative</b>	<b>2018</b>	<b>2017 (Summarized)</b>
Salaries and Employee Benefits	\$ 500,187	\$ 214,366	\$ 714,553	\$ 692,049
Advertising and Promotion	72,708	-	72,708	104,276
Grant Expense	14,200	-	14,200	15,460
Miscellaneous	2,093	570	2,663	1,116
Office Expenses	87,597	37,542	125,139	127,160
Professional Fees	-	7,873	7,873	7,575
Training and Conferences	-	19,722	19,722	14,728
Total Expenses Before Depreciation	676,785	280,073	956,858	962,364
Depreciation	17,964	5,122	23,086	23,086
<b>TOTAL EXPENSES</b>	<b>\$ 694,749</b>	<b>\$ 285,195</b>	<b>\$ 979,944</b>	<b>\$ 985,450</b>

---

See notes to audited financial statements.

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS**

Year Ended September 30, 2018 with Comparative Totals for 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (495,509)	\$ (482,880)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	23,086	23,086
(Increase) Decrease in:		
Grants Receivable	20,000	9,296
Other Receivables	-	15
Prepaid Expenses	(736)	(385)
Increase (Decrease) in:		
Accounts Payable	(8,847)	9,705
Accrued Expenses	755	931
Unearned Revenue	1,279	-
Net Cash Used by Operating Activities	<u>(459,972)</u>	<u>(440,232)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loan Originations	(98,082)	(100,000)
Principal Collections on Loans Receivable	228,184	243,858
Net Cash Provided by Investing Activities	<u>130,102</u>	<u>143,858</u>
Net Decrease in Cash	(329,870)	(296,374)
Cash, Beginning of Year	<u>2,842,454</u>	<u>3,138,828</u>
Cash, End of Year	<u>\$ 2,512,584</u>	<u>\$ 2,842,454</u>

See notes to financial statements.



## **JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2018 with Comparative totals for 2017

#### **NOTE 1 – NATURE OF OPERATIONS**

---

Jefferson County Local Development Corporation (the LDC) is a non-profit organization, incorporated in New York State. The LDC was started October 1, 2009. The purpose of the LDC is to develop and cultivate a strong economic environment, which supports business and nurtures growth and new investment in Jefferson County, NY (the County).

The mission of the Jefferson County Local Development Corporation includes undertaking projects and programmatic initiatives in furtherance of and to advance the job opportunities, health, general prosperity and economic welfare of the people of the County.

#### **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

---

##### **Basis of Accounting**

The financial statements of Jefferson County Local Development Corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

##### **Basis of Presentation**

The LDC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. For the years ended September 30, 2018 and 2017, the LDC reported no temporarily or permanently restricted net assets.

##### **Use of 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.

##### **Cash and Cash Equivalents**

The LDC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. For the years ended September 30, 2018 and 2017, the LDC reported no cash equivalents.

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2018 with Comparative totals for 2017

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

---

**Loans Receivable and Allowance for Loan Losses**

Loans receivable are stated at unpaid principal balances. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Loans Receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for loan losses based on its assessment of the current status of individual accounts. There was no allowance for loan losses deemed necessary for both years ended September 30, 2018 and September 30, 2017. It is the LDC's policy to charge off uncollectible loans receivable when management determines the receivable will not be collected.

**Grants Receivable**

Grants receivable represent amounts that have been billed under grant agreements but not collected as of the date of the financial statements. Grants receivable are stated at the amount management expects to be collected from the outstanding balance. As of September 30, 2018 and 2017, management has determined based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Property and Equipment**

Property and equipment are recorded at cost. Jefferson County Local Development Corporation follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$1,000. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed as incurred. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Category	Recovery Period Years
Equipment	5 - 10
Furniture and Fixtures	5 - 10

**Income Tax Status**

The LDC is a not-for-profit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2018 with Comparative totals for 2017

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

---

**Open Tax Years**

The LDC's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2017, 2016 and 2015 are subject to examination by the IRS, generally for 3 years after they were filed. Based on its analysis, the LDC determined that there were no uncertain tax positions and that the LDC should prevail upon examination by the taxing authorities.

**Advertising**

Advertising costs are expensed as they are incurred. Advertising expense amounted to approximately \$73,000 and \$104,000 for the years ended September 30, 2018 and 2017, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Statement of Cash Flows**

There were no noncash investing and financing activities during the years ended September 30, 2018 and 2017.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 LDC's financial statements for the year ended September 30, 2017, from which the summarized information was derived.

**Reclassification**

Certain reclassifications have been made to the 2017 financial statements in order for them to be in conformity with the current year's presentation.

**Date of Management's Review**

Management has evaluated subsequent events through November 30, 2018, the date which the financial statements were available to be issued.

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2018 with Comparative totals for 2017

**NOTE 3 – LOANS RECEIVABLE**

Loans receivable consisted of the following at September 30,

	<b>2018</b>	<b>2017</b>
Revolving Loan Fund Program	\$ 1,149,145	\$ 1,279,247

The following is a schedule of the outstanding loans receivable at September 30,

	<b>2018</b>	<b>2017</b>
<b>Revolving Loan Fund Program</b>		
AYDM Associates, Inc.	\$ 183,010	\$ 187,373
Current Applications	144,294	151,725
Hi-Lite Group	86,097	169,031
LCO Destiny, Inc.	268,294	387,499
North Branch Farms	100,000	100,000
The Lodge at Ives Hill	131,540	137,505
WICLDC #1	137,828	146,114
WICLDC #2	98,082	-
<b>Total Revolving Loan Fund Program</b>	<b>\$ 1,149,145</b>	<b>\$ 1,279,247</b>

The aging of the loans receivables portfolio by classes as of September 30, 2018 is summarized as follows:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Current	Total Loans Receivable
Revolving Loan Fund					
Loans Receivable	\$ -	\$ -	\$ -	\$ 1,149,145	\$ 1,149,145
	\$ -	\$ -	\$ -	\$ 1,149,145	\$ 1,149,145

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2018 with Comparative totals for 2017

**NOTE 3 – LOANS RECEIVABLE– Continued**

---

The aging of the loans receivables portfolio by classes as of September 30, 2017 is summarized as follows:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Current	Total Loans Receivable
Revolving Loan Fund					
Loans Receivable	\$ -	\$ -	\$ -	\$ 1,279,247	\$ 1,279,247
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,279,247</u>	<u>\$ 1,279,247</u>

For both years ended September 30, 2018 and 2017, management determined that no allowance for loan losses was deemed necessary.

**NOTE 4 – PROPERTY AND EQUIPMENT**

---

Property and Equipment at September 30, 2018 and 2017 consist of the following:

	2018	2017
Equipment	\$ 99,000	\$ 99,000
Furniture and Fixtures	70,389	70,389
Total	<u>169,389</u>	<u>169,389</u>
Less: Accumulated Depreciation	<u>(97,952)</u>	<u>(74,866)</u>
Property and Equipment, Net	<u>\$ 71,437</u>	<u>\$ 94,523</u>

Depreciation expense for each year ended September 30, 2018 and 2017 was \$23,086.

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2018 with Comparative totals for 2017

**NOTE 5 – RELATED PARTY AGREEMENTS AND  
TRANSACTIONS**

---

The LDC rents office space from Watertown Industrial Center LDC under a 10-year lease agreement. The current lease was executed for the period October 1, 2014 through September 30, 2024. At September 30, 2018, current monthly base rental payments are \$1,400 plus costs related to leasehold improvement debt of \$4,662. The LDC has the option to renew the lease on October 1, 2024 for an additional five years with a base monthly rent of \$3,603 per month for 12 months. Rental expense for the years ended September 30, 2018 and 2017 was \$72,744 and \$72,446, respectively.

Future minimum lease payments are:

Year Ending September 30, 2019	\$ 72,744
Year Ending September 30, 2020	72,744
Year Ending September 30, 2021	74,446
Year Ending September 30, 2022	74,446
Year Ending September 30, 2023	74,446
Thereafter	<u>74,446</u>
Total	<u><u>\$ 443,272</u></u>

An agreement was executed between the LDC and the Jefferson County Industrial Development Agency (JCIDA) where JCIDA agreed to pay the LDC for administrative and staff support. The amount charged to the JCIDA by the LDC was \$569,304 and \$528,000 for the years ended September 30, 2018 and 2017, respectively. This agreement commenced effective August 1, 2013 and is automatically renewed. The fee is recalculated annually based on the LDC's budget. For each year ended September 30, 2018 and 2017, the LDC waived the fee under the agreement and no revenue was recognized. The fee was recognized as an in-kind transaction by JCIDA for the services provided under the agreement.

On December 1, 2010, the LDC loaned Watertown Industrial Center Local Development Corporation \$200,000 for roof replacement expenses. The loan matures on January 1, 2031. As of September 30, 2018 and 2017, the balance remaining on this loan was \$137,828 and \$146,114, respectively.

## **JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2018 with Comparative totals for 2017

#### **NOTE 5 – RELATED PARTY AGREEMENTS AND TRANSACTIONS– Continued**

---

On September 10, 2018, the LDC loaned Watertown Industrial Center Local Development Corporation \$98,082 for renovations to the northeast corner of Building A at the Watertown Center for Business and Industry which will provide an additional 33,432 square feet for current tenant. The loan matures on October 1, 2023. As of September 30, 2018, the balance remaining on this loan was \$98,082.

#### **NOTE 6 – JEFFERSON COUNTY SUPPORT**

---

The LDC receives Agriculture Program and Marketing grant monies from Jefferson County. The total contributions consisted of the following for the years ended September 30:

	<b>2018</b>	<b>2017</b>
Jefferson County Agriculture Program Grant	\$ 138,040	\$ 136,000
Jefferson County Marketing Grant	270,000	270,000
	<u>\$ 408,040</u>	<u>\$ 406,000</u>

#### **NOTE 7 – CONCENTRATIONS OF CREDIT RISK**

---

The LDC maintains its cash balances in financial institutions located in Watertown, NY. Interest-bearing deposits and non-interest-bearing deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. The LDC's aggregate bank balances included balances not covered by depository insurance at year-end. Deposits in the amount of \$2,245,730 and \$2,549,821, for the years ended September 30, 2018 and 2017, respectively, are collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the LDC's name. All deposits were fully collateralized as of September 30, 2018 and 2017.

#### **NOTE 8 – RETIREMENT PLAN**

---

On August 1, 2013, the LDC established a 401K Profit Sharing Pension Plan. The Plan is administered by RBC Wealth Management. The employer contribution is set at 4% of the employees' annual salary. All full-time employees are covered by the Plan. For the years ended September 30, 2018 and 2017, the LDC made contributions in the amount of \$42,564 and \$40,832, respectively.



**BOWERS & COMPANY  
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

**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**

---

**BOARD OF DIRECTORS  
JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

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 Jefferson County Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jefferson County Local Development Corporation's internal control over financial reporting (internal control) to determine the 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 Jefferson County Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson County Local Development 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 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.

120 Madison Street, 1700 AXA Tower II, Syracuse, NY 13202 Phone: 315.234.1100 • Fax: 315.234.1111  
1120 Commerce Park Drive East, Watertown, NY 13601 Phone: 315.788.7690 • Fax: 315.788.0966



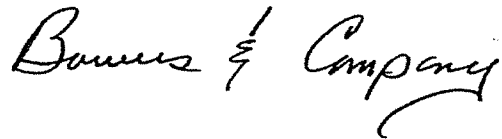
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Jefferson County Local Development 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*.

### **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.



Watertown, New York  
November 30, 2018