

JEFFERSON COUNTY LOCAL
DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

September 30, 2021

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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, 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.

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.

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

Opinion

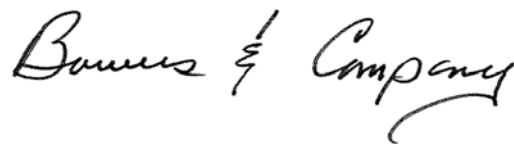
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson County Local Development Corporation as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting 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, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, 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 23, 2021, 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.

A handwritten signature in cursive script that reads "Bonner & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York
November 23, 2021

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

September 30, 2021 with Comparative Totals for 2020

	ASSETS	
	2021	2020
CURRENT ASSETS		
Cash	\$ 2,735,754	\$ 2,552,775
Loans Receivable	757,703	767,558
Other Receivables	7,500	12,329
Prepaid Expenses	7,834	7,834
	<hr/>	<hr/>
Total Current Assets	3,508,791	3,340,496
PROPERTY AND EQUIPMENT, NET	<hr/>	<hr/>
	100,446	89,666
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,609,237</u>	<u>\$ 3,430,162</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,484	\$ 6,363
Accrued Expenses	24,659	33,793
Unearned Revenue	34,680	35,280
	<hr/>	<hr/>
Total Liabilities	63,823	75,436
	<hr/>	<hr/>
NET ASSETS		
Net Assets Without Donor Restrictions		
Undesignated/Total Net Assets	<hr/>	<hr/>
	3,545,414	3,354,726
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,609,237</u>	<u>\$ 3,430,162</u>

See notes to audited financial statements.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

Year Ended September 30, 2021 with Comparative Totals for September 30, 2020

	2021	2020
SUPPORT AND REVENUE		
Jefferson County Support	\$ 414,120	\$ 414,120
Grant Revenue	28,556	69,834
Administrative Fees	662,665	600,377
Interest on Loans Receivable	27,359	27,321
Interest Income	1,465	2,955
Miscellaneous	42,009	46,138
Total Support and Revenue	<u>1,176,174</u>	<u>1,160,745</u>
EXPENSES		
Agriculture	191,906	177,914
Marketing	358,553	358,679
Economic Development	23,273	30,525
General and Administrative	411,754	478,116
Total Expenses	<u>985,486</u>	<u>1,045,234</u>
CHANGE IN NET ASSETS	190,688	115,511
NET ASSETS, BEGINNING OF YEAR	<u>3,354,726</u>	<u>3,239,215</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,545,414</u></u>	<u><u>\$ 3,354,726</u></u>

See notes to audited financial statements.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2021 with Summarized Totals for September 30, 2020

	<u>Program Services</u>			<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Totals</u>	
	<u>Agriculture</u>	<u>Marketing</u>	<u>Economic Development</u>			<u>2021</u>	<u>2020 (Summarized)</u>
Salaries and Employee Benefits	\$ 172,266	\$ 270,348	\$ -	\$ 442,614	\$ 296,351	\$ 738,965	\$ 788,364
Advertising and Promotion	12,679	47,587	-	60,266	-	60,266	61,030
Covid-19 Emergency Loan Forgiveness	-	-	7,500	7,500	-	7,500	2,500
Dues and Subscriptions	99	-	-	99	7,175	7,274	8,616
Equipment Rental and Maintenance	-	-	-	-	9,085	9,085	6,549
Manufacturing and Business Support	-	-	5,000	5,000	-	5,000	5,060
Miscellaneous	800	-	-	800	16	816	2,740
Office Expenses	2,324	10,949	-	13,273	19,966	33,239	35,928
Professional Fees	-	-	-	-	10,646	10,646	9,085
Rent	2,948	24,976	-	27,924	45,770	73,694	73,460
Travel, Training and Conferences	250	102	6,059	6,411	2,711	9,122	17,643
Utilities	540	4,591	-	5,131	8,372	13,503	12,444
Total Expenses Before Depreciation	191,906	358,553	18,559	569,018	400,092	969,110	1,023,419
Depreciation	-	-	4,714	4,714	11,662	16,376	21,815
TOTAL EXPENSES	\$ 191,906	\$ 358,553	\$ 23,273	\$ 573,732	\$ 411,754	\$ 985,486	\$ 1,045,234

See notes to audited financial statements.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

Year Ended September 30, 2021 with Comparative Totals for 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 190,688	\$ 115,511
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	16,376	21,815
Covid-19 Emergency Loan Forgiveness Expense	7,500	2,500
(Increase) Decrease in:		
Other Receivables	4,829	(2,919)
Prepaid Expenses	-	(5,139)
Increase (Decrease) in:		
Accounts Payable	(1,879)	(6,019)
Accrued Expenses	(9,134)	(6,882)
Unearned Revenue	(600)	(41,014)
Net Cash Provided by Operating Activities	<u>207,780</u>	<u>77,853</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(27,156)	(57,810)
Loan Originations	(90,000)	(330,000)
Principal Collections on Loans Receivable	92,355	229,457
Net Cash Used in Investing Activities	<u>(24,801)</u>	<u>(158,353)</u>
Net Increase (Decrease) in Cash	182,979	(80,500)
Cash, Beginning of Year	<u>2,552,775</u>	<u>2,633,275</u>
Cash, End of Year	<u>\$ 2,735,754</u>	<u>\$ 2,552,775</u>

See notes to financial statements.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 with Comparative Totals for 2020

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 formed 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 reports information regarding its financial position and activities according to one class of net assets: net assets without donor restrictions.

Net Assets Without Donor Restrictions – Are currently available for operating purposes subject only to the broad limits resulting from the nature of the LDC. Net assets without donor restrictions generally result from Jefferson County support, grant revenue, administrative fees and interest, less expenses incurred in providing program-related services and performing administrative functions.

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, 2021 and 2020, the LDC reported no cash equivalents.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 with Comparative Totals for 2020

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, 2021 and September 30, 2020. It is the LDC’s policy to charge off uncollectible loans receivable when management determines the receivable will not be collected.

Property and Equipment

Property and equipment are recorded at cost. The LDC 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

Unearned Revenue

Revenue is recognized when earned. Program service fees and payments received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

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, 2021 with Comparative Totals for 2020

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 2020, 2019, and 2018 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.

Revenue Recognition

In accordance with ASU 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), the LDC recognizes revenue when control of the promised goods or services are transferred to the LDC's outside parties in an amount that reflects the consideration the LDC expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized when performance obligations within a contract are satisfied.

Administrative Fees

Jefferson County Industrial Development Agency reimburses the LDC for certain administrative and staff support expenses. Revenue is recognized as administrative services are provided.

In accordance with ASU 2018-08, "*Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*" (Topic 958), the LDC has revenue sources that are accounted for and recognized as nonreciprocal transactions at the time of the transaction.

Jefferson County Support

The LDC receives Agriculture Program and Marketing grant monies from Jefferson County. Amounts received are recognized as revenue when earned, and amounts received in advance of qualifying expenditures are recorded as unearned revenue.

Grant Revenue

Grant revenue result from cost-reimbursable grants and contracts, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the LDC has incurred expenditures in compliance with specific grant provisions.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 with Comparative Totals for 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Advertising

Advertising costs are expensed as they are incurred. Advertising expense amounted to approximately \$60,000 and \$61,000 for the years ended September 30, 2021 and 2020, respectively.

Functional Allocation of Expenses

Expenses consist of costs related to providing services and administrative functions. The LDC's operating costs have been allocated based on direct identification when possible, and allocation if a single expenditure benefits more than one function. Compensation, benefits, and certain other operating expenses are allocated based on estimates of time and effort.

Statement of Cash Flows

There were no noncash investing and financing activities during the years ended September 30, 2021 and 2020.

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, 2020, from which the summarized information was derived.

Impact of COVID-19 Pandemic on Financial Statements

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the LDC and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including but not limited to the duration, spread, severity, and impact of the outbreak, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the LDC's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Date of Management's Review

The LDC has evaluated events and transactions that occurred between September 30, 2021 and November 23, 2021, which is the date the financial statements were available to be issued, and has determined that there are no additional adjustments and/or disclosures necessary.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 with Comparative Totals for 2020

NOTE 3 – LOANS RECEIVABLE

Loans receivable consisted of the following at September 30,

	2021	2020
Revolving Loan Fund Program	\$ 514,505	\$ 487,710
Covid-19 Emergency Loan Program	233,198	279,848
Clayton Loan Program	10,000	-
Total	<u>\$ 757,703</u>	<u>\$ 767,558</u>

The following is a schedule of the outstanding Revolving Loan Fund Program loans receivable at September 30,

	2021	2020
Revolving Loan Fund Program		
Clayton Island Tours	\$ 37,628	\$ 40,000
Clayton Yacht Club	40,000	-
Crescent Yacht Club	40,000	-
Current Applications	119,808	128,971
LCO Destiny, Inc.	85,406	88,674
North Branch Farms	41,068	48,437
WICLDC #1	107,635	117,536
WICLDC #2	42,960	64,092
Total Revolving Loan Fund Program	<u>\$ 514,505</u>	<u>\$ 487,710</u>

Covid-19 Emergency Loan Program

During the year ended September 30, 2020, the LDC disbursed 30 Covid-19 Emergency loans, 28 of which were for \$10,000 each, and two participation loans for \$5,000 each. The loan terms call for 13 monthly interest only payments followed by 60 monthly principal and interest payments, at an interest rate of 3.00%. Once the loan is paid down to a balance of \$2,500, the remaining balance is forgiven and recorded as loan forgiveness expense by the LDC.

Clayton Loan Program

During the year ended September 30, 2021, the LDC established a Clayton Loan Program in order to assist businesses in Clayton, New York affected by high waters on the St. Lawrence River and ongoing construction in the downtown area. Two loans were disbursed for \$5,000 each. The loan terms call for 12 months of interest only payments, followed by 60 months of principal and interest payments, at an interest rate of 3.00%.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 with Comparative Totals for 2020

NOTE 3 – LOANS RECEIVABLE– Continued

The aging of the loans receivables portfolio by classes as of September 30, 2021 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	\$ -	\$ -	\$ -	\$ 514,505	\$ 514,505
Covid-19 Emergency Loans	-	-	-	233,198	233,198
Clayton Loan Program	-	-	-	10,000	10,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757,703</u>	<u>\$ 757,703</u>

The aging of the loans receivables portfolio by classes as of September 30, 2020 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	\$ -	\$ -	\$ -	\$ 487,710	\$ 487,710
Covid-19 Emergency Loans	-	-	-	279,848	279,848
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 767,558</u>	<u>\$ 767,558</u>

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and Equipment at September 30, 2021 and 2020 consist of the following:

	2021	2020
Equipment	\$ -	\$ 99,000
Furniture and Fixtures	70,389	70,389
LHI Records Storage	87,030	-
WIP	3,255	63,129
Total	<u>160,674</u>	<u>232,518</u>
Less: Accumulated Depreciation	<u>(60,228)</u>	<u>(142,852)</u>
Property and Equipment, Net	<u>\$ 100,446</u>	<u>\$ 89,666</u>

Depreciation expense for each year ended September 30, 2021 and 2020 was \$16,376 and \$21,815, respectively.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 with Comparative Totals for 2020

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, 2021, current monthly base rental payments are \$1,420 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, 2021 and 2020 was \$73,694 and \$73,460, respectively.

Future minimum lease payments are:

Year Ending September 30, 2022	\$ 74,446
Year Ending September 30, 2023	74,446
Year Ending September 30, 2024	<u>74,446</u>
Total	<u><u>\$ 223,338</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 \$662,665 and \$600,377 for the years ended September 30, 2021 and 2020, respectively. This agreement commenced effective August 1, 2013 and is automatically renewed. The fee is recalculated annually based on the LDC's budget. For the years ended September 30, 2021 and 2020, the entire fee was paid by JCIDA and recognized as revenue by the LDC.

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, 2021 and 2020, the balance remaining on this loan was \$107,635 and \$117,536, respectively.

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 the current tenant. The loan matures on October 1, 2023. As of September 30, 2021 and 2020, the balance remaining on this loan was \$42,960 and \$64,092, respectively.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 with Comparative Totals for 2020

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:

	2021	2020
Jefferson County Agriculture Program Grant	\$ 138,720	\$ 138,720
Jefferson County Marketing Grant	275,400	275,400
	<u>\$ 414,120</u>	<u>\$ 414,120</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 \$2,450,257 and \$2,234,957, for the years ended September 30, 2021 and 2020, 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, 2021 and 2020.

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, 2021 and 2020, the LDC made contributions in the amount of \$42,040 and \$45,953, respectively.

JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 with Comparative Totals for 2020

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The LDC monitors its liquidity so that it is able to meet the operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The following table reflects the LDC's financial assets as of September 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year.

	2021	2020
Financial Assets:		
Cash	\$ 2,735,754	\$ 2,552,775
Loans Receivable	757,703	767,558
Other Receivables	7,500	12,329
	<u>3,500,957</u>	<u>3,332,662</u>
Financial Assets, at Year-End		
Less Those Unavailable For General Expenditure Within One Year, Due To:		
Loans Receivable Collectible Beyond One Year	<u>(609,208)</u>	<u>(619,492)</u>
Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	<u>\$ 2,891,749</u>	<u>\$ 2,713,170</u>



**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, 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, and have issued our report thereon dated November 23, 2021.

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) 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 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.

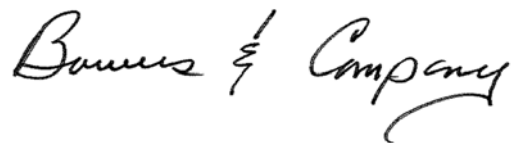
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York
November 23, 2021



November 23, 2021

To the Board of Directors of
Jefferson County Local Development Corporation

We have audited the financial statements of Jefferson County Local Development Corporation for the year ended September 30, 2021, and have issued our report thereon dated November 23, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Jefferson County Local Development Corporation are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by Jefferson County Local Development Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of whether an allowance for bad debts is necessary is based on an analysis of the collectability of the loan portfolio at year-end. We evaluated the current loan portfolio and assumptions used by management to determine the adequacy of the allowance for bad debts and whether it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation is based on the straight-line method over the capital asset's useful life. We evaluated the key factors and assumptions used to develop the depreciation calculations in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Board of Directors
Jefferson County Local Development Corporation
November 23, 2021
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors of Jefferson County Local Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowers & Company