JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2024

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JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

BOWERS | CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

Report on the Audit of the Financial Statements

Opinion

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 December 31, 2024, 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 present fairly, in all material respects, the financial position of Jefferson County Local Development Corporation as of December 31, 2024, 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.

Basis for Opinion

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. 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 Jefferson County Local Development Corporation 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 opinions.

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 Jefferson County Local Development Corporation'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 and *Government 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 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 and *Government 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 Jefferson County Local Development Corporation'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 Jefferson County Local Development Corporation'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Jefferson County Local Development Corporation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, 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 3, 2025, 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.

Bowers & Company

Watertown, New York
March 3, 2025

STATEMENT OF FINANCIAL POSITION

December 31, 2024 with Comparative Totals for 2023

ASSETS

	2024	2023 Restated
CURRENT ASSETS		
Cash	$ 3,876,937	$ 4,856,237
Loans Receivable, Net	126,059	202,287
Due from JCIDA	59,475	-
Other Receivables	30,000	-
Prepaid Expenses	4,648	2,713
Total Current Assets	4,097,119	5,061,237
PROPERTY AND EQUIPMENT, NET	56,920	70,101
RIGHT OF USE ASSET - OPERATING LEASE	247,523	289,808
TOTAL ASSETS	$ 4,401,562	$ 5,421,146

LIABILITIES AND NET ASSETS

	2024	2023 Restated
CURRENT LIABILITIES		
Accounts Payable	$ 19,712	$ 9,723
Grants Payable	51,233	64,800
Accrued Expenses	42,956	41,431
Current Portion of Operating Lease Liability	49,948	56,008
Unearned Revenue	640,344	1,978,600
Total Current Liabilities	804,193	2,150,562
LONG-TERM LIABILITIES		
Operating Lease Liability, Net	170,130	220,078
Total Liabilities	974,323	2,370,640
NET ASSETS		
Net Assets Without Donor Restrictions		
Undesignated/Total Net Assets	3,427,239	3,050,506
TOTAL LIABILITIES AND NET ASSETS	$ 4,401,562	$ 5,421,146

See notes to audited financial statements.

STATEMENT OF ACTIVITIES
Year Ended December 31, 2024 with Comparative Totals for 2023

	2024	2023 Restated
SUPPORT AND REVENUE		
Jefferson County Support	$ 667,000	$ 425,550
Grant Revenue	1,131,255	913,436
Administrative Fees	713,700	412,577
Interest on Loans Receivable	6,167	8,943
Interest Income	4,331	4,118
Miscellaneous	32,475	4,415
Total Support and Revenue	2,554,928	1,769,039
EXPENSES		
Agriculture	206,901	230,897
Marketing	348,075	359,773
Economic Development	1,175,963	1,378,152
General and Administrative	447,256	473,073
Total Expenses	2,178,195	2,441,895
CHANGE IN NET ASSETS	376,733	(672,856)
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	3,050,506	3,723,362
NET ASSETS, END OF YEAR	$ 3,427,239	$ 3,050,506

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024 with Summarized Comparative Totals for 2023

	Program Services					Totals	
	Agriculture	Marketing	Economic Development	Total Program Services	General and Administrative	2024	2023 (Summarized) Restated
Salaries and Employee Benefits	$ 169,033	$ 254,762	$ 33,119	$ 456,914	$ 298,455	$ 755,369	$ 817,464
Advertising and Promotion	1,827	52,659	737	55,223	-	55,223	53,860
Credit Losses	-	-	6,134	6,134	-	6,134	62,000
Dues and Subscriptions	750	-	-	750	9,429	10,179	9,667
Equipment Rental and Maintenance	-	-	-	-	5,272	5,272	5,787
Grant Expense	-	-	1,131,255	1,131,255	-	1,131,255	1,313,436
Miscellaneous	1,050	-	-	1,050	-	1,050	800
Occupancy	2,442	3,773	444	6,659	4,439	11,098	10,834
Office Expenses	11,446	15,015	1,767	28,228	17,665	45,893	41,220
Operating Lease Expense	10,921	16,879	1,986	29,786	19,857	49,643	49,643
Professional Fees	-	-	-	-	48,308	48,308	19,277
Travel, Training and Conferences	6,569	562	-	7,131	23,095	30,226	28,978
Utilities	2,863	4,425	521	7,809	5,205	13,014	13,790
Total Expenses Before Depreciation	206,901	348,075	1,175,963	1,730,939	431,725	2,162,664	2,426,756
Depreciation	-	-	-	-	15,531	15,531	15,139
TOTAL EXPENSES	$ 206,901	$ 348,075	$ 1,175,963	$ 1,730,939	$ 447,256	$ 2,178,195	$ 2,441,895

See notes to audited financial statements.

STATEMENT OF CASH FLOWS
Year Ended December 31, 2024 with Comparative Totals for 2023

	2024	2023 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 376,733	$ (672,856)
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:		
Depreciation Expense	15,531	15,139
Credit Losses	6,134	62,000
Noncash Lease Expense	42,285	40,634
Increase in:		
Due from JCIDA	(59,475)	-
Other Receivables	(30,000)	-
Prepaid Expenses	(1,935)	(578)
Increase (Decrease) in:		
Accounts Payable	9,989	(791)
Grants Payable	(13,567)	64,800
Accrued Expenses	1,525	18,670
Operating Lease Liability	(56,008)	(54,355)
Unearned Revenue	(1,338,256)	467,016
Net Cash Used in Operating Activities	(1,047,044)	(60,321)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,350)	-
Principal Collections on Loans Receivable	70,094	94,251
Net Cash Provided by Investing Activities	67,744	94,251
Net Increase (Decrease) in Cash	(979,300)	33,930
Cash, Beginning of Year	4,856,237	4,822,307
Cash, End of Year	$ 3,876,937	$ 4,856,237

See notes to audited financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

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.

<u>Net Assets Without Donor Restrictions</u> – 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

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumption are reasonable in the circumstances; however, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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 December 31, 2024 and 2023, the LDC reported no cash equivalents.

Loans Receivable and Allowance for Credit Losses

Loans receivable are stated at unpaid principal balances, less an allowance for credit losses. 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 credit losses and an adjustment to an allowance for credit losses based on its assessment of the current status of individual accounts. A considerable amount of judgement is required when determining expected credit losses. Estimates of such losses are recorded when management believes a customer, or group of customers, may not be able to meet their financial obligations due to deterioration in financial condition or credit rating. Factors relevant to the assessment include prior collection history with customers, the related aging of past due balances, projections of credit losses based on historical trends in credit quality indicators or past events, and forecasts of future economic conditions.

Other Receivables

Other receivables at year-end consist of amounts due from Jefferson County. Other receivables are stated at amounts management expects to be collected from the outstanding balance. Based on management's assessment of the credit history with the County, the LDC has concluded that no allowance for credit losses is necessary at year-end.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Operating Leases

The LDC leases office space. The LDC determines if an arrangement is a lease at inception. Operating leases are included in right of use (ROU) asset – operating lease, current portion of operating lease liability, and long-term operating lease liability on the statement of financial position.

ROU assets represent the LDC's right to use an underlying asset for the lease term and lease liabilities represent the LDC's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The ROU asset also includes any lease payments made and excludes lease incentives. The LDC's lease terms may include options to extend or terminate the lease when it is reasonably certain that the LDC will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In determining the discount rate used to measure the ROU asset and operating lease liability, the LDC uses rates implicit in the lease, or if not readily available, the LDC adopted the accounting policy available to non-public entities which allows the use of a risk-free rate. The risk-free rate is the incremental borrowing rate of the LDC for the same period of time as the lease term. The LDC has elected to use the risk-free rate based on the commencement date.

Unearned Revenue

The LDC is the recipient of grant and contract awards that require expenditure for specified activities before the LDC is reimbursed by the grantor or contractor for the costs incurred. Certain grantors or contractors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as unearned revenue.

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.

Open Tax Years

The LDC's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2023, 2022, and 2021 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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 results 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. Amounts received in advance of qualifying expenditures are recorded as unearned revenue.

Advertising

Advertising costs are expensed as they are incurred. Advertising expense amounted to $55,223 and $53,860 for the years ended December 31, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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 for the years ended December 31, 2024 and 2023.

Restatement of Net Assets

The financial statements have been restated to correct amounts related to the operating lease agreement, as seen in Note 5. The restatement corrected the right of use asset and operating lease liability balances as of January 1, 2023 to reflect the amended lease term and payment schedule through April 30, 2030. The restatement increased beginning net assets as of January 1, 2023 by $27,983, to a beginning balance of $3,723,362. The restatement also reduced expenses for the year ended December 31, 2023 by $36,106 related to the amortization of the right of use asset and operating lease expense.

Date of Management's Review

The LDC has evaluated events and transactions that occurred between December 31, 2024 and March 3, 2025, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 3 – LOANS RECEIVABLE, NET

Loans receivable consisted of the following at December 31:

	2024	2023
Revolving Loan Fund Program	$ 116,915	$ 146,856
Covid-19 Emergency Loan Program	40,680	99,110
Clayton Loan Program	3,464	6,321
Less, Allowance for Credit Losses	(35,000)	(50,000)
Total Loans Receivable, Net	$ 126,059	$ 202,287

The aging of the loan receivables portfolio by classes as of December 31, 2024 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	$ -	$ -	$ -	$ 116,915	$ 116,915
Covid-19 Emergency Loans	-	-	-	40,680	40,680
Clayton Loan Program	-	-	-	3,464	3,464
	$ -	$ -	$ -	$ 161,059	$ 161,059

The aging of the loan receivables portfolio by classes as of December 31, 2023 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	$ -	$ -	$ -	$ 146,856	$ 146,856
Covid-19 Emergency Loans	-	-	-	99,110	99,110
Clayton Loan Program	-	-	-	6,321	6,321
	$ -	$ -	$ -	$ 252,287	$ 252,287

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 3 – LOANS RECEIVABLE, NET - Continued

Activity in the allowance for credit losses for the years ended December 31 are as follows:

	2024	2023
Balance, January 1	$ 50,000	$ -
Provision for Credit Losses	-	55,000
COVID-19 Emergency Loan Forgiveness	(15,000)	(5,000)
Balance, December 31	$ 35,000	$ 50,000

For the years ended December 31, 2024 and 2023, credit losses expense was $6,134 and $62,000 and included $-0- and $55,000 of provision for credit losses on loans receivable plus $6,134 and $7,000 loss on other receivables deemed uncollectible, respectively.

Revolving Loan Fund Program

The following is a schedule of the outstanding Revolving Loan Fund Program loans receivable as of December 31:

	2024	2023
Clayton Island Tours	$ 6,123	$ 8,149
Clayton Yacht Club	22,077	29,912
North Branch Farms	15,538	23,660
WICLDC	73,177	85,135
Total Revolving Loan Fund Program	$ 116,915	$ 146,856

Covid-19 Emergency Loan Program

During 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. During the year ended December 31, 2023, the LDC incurred $55,000 of credit loss expense related to the COVID-19 emergency loan program by recording an allowance for credit loss of $50,000 on the outstanding loans expected to be forgiven in future years. During the years ended December 31, 2024 and 2023 $15,000 and $5,000 of Covid-19 emergency loans were forgiven, respectively.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 3 – LOANS RECEIVABLE, NET - Continued

Clayton Loan Program

During 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%. The remaining balance on the loans at December 31, 2024 and 2023 was $3,464 and $6,321, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following as of December 31:

	2024	2023
Furniture and Fixtures	$ 79,248	$ 76,898
LHI Records Storage	87,030	87,030
Total	166,278	163,928
Less: Accumulated Depreciation	(109,358)	(93,827)
Property and Equipment, Net	$ 56,920	$ 70,101

Depreciation expense for the years ended December 31, 2024 and 2023 was $15,531 and $15,139, respectively.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 5 – OPERATING LEASE

The LDC leases office space from Watertown Industrial Center Local Development Corp, a related party, under a 10-year lease agreement. As of December 31, 2024, the operating lease ROU asset and operating lease liability related to this agreement were $247,523 and $220,078, respectively.

As of December 31, 2024, the weighted average remaining lease term of this agreement is 5.33 years, and the weighted average discount rate is 3.0%.

The operating lease expense for both years ended December 31, 2024 and 2023 was $49,643.

Future minimum lease payments under non-cancellable leases as of December 31 are as follows:

2025	$	49,948
2026		43,239
2027		43,239
2028		43,239
2029		43,239
Thereafter		14,414
Total Future Minimum Lease Payments		237,318
Less Imputed Interest		17,240
Total		220,078
Less Current Portion		49,948
Total Long-Term Operating Lease Liability	$	170,130

NOTE 6 – RELATED PARTY AGREEMENTS AND TRANSACTIONS

The LDC rents office space from Watertown Industrial Center Local Development Corp under a 10-year lease agreement. See Note 5 for further details.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 6 – RELATED PARTY AGREEMENTS AND TRANSACTIONS - Continued

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. This agreement commenced effective August 1, 2013 and was amended effective January 4, 2024. The amount charged to the JCIDA by the LDC was $713,700 and $707,275 for the years ended December 31, 2024 and 2023, respectively. The fee is recalculated annually based on the LDC's budget. During the year ended December 31, 2023, five months of in-kind services were provided and the JCIDA did not reimburse the LDC $294,698. Therefore, revenues recognized as administrative fees were $713,700 and $412,577 for the years ended December 31, 2024 and 2023, respectively.

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 December 31, 2024 and 2023 the balance remaining on the loan was $73,177 and $85,135, respectively.

NOTE 7 – UNEARNED REVENUE

Unearned revenue represents payments received in advance of incurring specified costs. The activity and balances for unearned revenue are as follows for the years ended December 31:

	2024	2023
Unearned Revenue, January 1	$ 1,978,600	$ 1,511,585
Revenue Recognized	(1,338,256)	(1,188,985)
Cash Received in Advance of Performance:		
Jefferson County Marketing Grant	-	276,000
ARPA Grant - Jefferson County	-	1,380,000
Unearned Revenue, December 31	$ 640,344	$ 1,978,600

The balances will be recognized as revenue in subsequent years as specified costs are incurred.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 8 – JEFFERSON COUNTY SUPPORT

The LDC receives Agriculture Program, Marketing grant monies, and other reimbursements for certain consulting agreements from Jefferson County. The total contributions consisted of the following for the years ended December 31:

	2024	2023
Jefferson County Agriculture Program Grant	$ 150,000	$ 150,000
Jefferson County Marketing Grant	487,000	275,550
Jefferson County Consulting Grant	30,000	-
	$ 667,000	$ 425,550

NOTE 9 – 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 $3,604,659 and $4,606,936, for the years ended December 31, 2024 and 2023, 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 December 31, 2024 and 2023.

NOTE 10 – 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 6% of the employees' annual salary. All full-time employees are covered by the Plan. For the years ended December 31, 2024 and 2023, the LDC made contributions in the amount of $44,773 and $48,890, respectively.

NOTE 11 – GRANT REVENUE

In an agreement dated May 5, 2022, The LDC is a subrecipient of United States Coronavirus State and Local Fiscal Recovery Funds (ARPA grant) in the amount of $2,059,000 from JCIDA, for a grant period through December 31, 2024, which has been extended through December 31, 2026. The ARPA grant was originally received by Jefferson County and passed through to the JCIDA.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 11 – GRANT REVENUE - Continued

In an agreement dated September 25, 2023, The LDC is a subrecipient for the second round of funding of United States Coronavirus State and Local Fiscal Recovery Funds (ARPA grant) in the amount of $1,380,000 from the County of Jefferson, for a grant period through December 31, 2024, which has been extended through December 31, 2026.

The ARPA grant funds are to be used for the following programs:

(1) Tourism Enhancement
(2) Local Food Production
(3) Small Business
(4) Food Processing
(5) Expansion of Childcare Services

For the years ended December 31, 2024 and 2023, the LDC recognized $1,131,255 and $913,436 in ARPA grant revenues and ARPA grant expense. The unspent grant proceeds received in the amount of $640,344 and $1,771,600 are reported as unearned revenue at December 31, 2024 and 2023, respectively.

NOTE 12 – 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 it excess operating cash. The following table reflects the LDC's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 with Comparative Totals for 2023

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - Continued

	2024	2023
Financial Assets:		
Cash	$ 3,876,937	$ 4,856,237
Loans Receivable	126,059	202,287
Due from JCIDA	59,475	-
Other Receivables	30,000	-
Financial Assets, at Year-End	4,092,471	5,058,524
Less Those Unavailable For General Expenditure Within One Year, Due To:		
Cash Held for Designated Grants	(640,344)	(1,978,600)
Loans Receivable Collectible Beyond One Year	(106,954)	(181,716)
Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	$ 3,345,173	$ 2,898,208

The LDC operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 13 – SUBSEQUENT EVENTS

On February 6, 2025, the LDC approved a resolution to lend an amount not to exceed $1,500,000 to the JCIDA, a related party, as a non-interest-bearing loan with no maturity date. The funds will be used by the JCIDA for the sewer line expansion project at the Business Complex at the Watertown International Airport. Any grant proceeds the JCIDA receives will be used to pay down the loan as received.

FEDERAL AWARD PROGRAM INFORMATION

BOWERS | CPAs & ADVISORS

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
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 December 31, 2024, 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 March 3, 2025.

Report on 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 the 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 or significant deficiencies may exist that were not identified.

Report on 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.

Bowers & Company

Watertown, New York
March 3, 2025

BOWERS | CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

TO THE BOARD OF DIRECTORS
JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jefferson County Local Development Corporation's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Jefferson County Local Development Corporation's major federal programs for the year ended December 31, 2024. Jefferson County Local Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jefferson County Local Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jefferson County Local Development Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Jefferson County Local Development Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Jefferson County Local Development Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jefferson County Local Development Corporation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Jefferson County Local Development Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Jefferson County Local Development Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Jefferson County Local Development Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County Local Development Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bowers & Company

Watertown, New York
March 3, 2025

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S Department of the Treasury				
Passed Through Jefferson County Industrial Development Agency:				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027		$ -	$ 255,080
Passed Through County of Jefferson:				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027		153,456	876,175
Total COVID-19: Coronavirus State and Local Fiscal Recovery Funds			153,456	1,131,255
Total U.S Department of Treasury			153,456	1,131,255
Total Expenditures of Federal Awards			$ 153,456	$ 1,131,255

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Jefferson County Local Development Corporation under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Jefferson County Local Development Corporation it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jefferson County Local Development Corporation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source of the data presented. The LDC has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.