

**J**EFFERSON COUNTY LOCAL  
DEVELOPMENT CORPORATION

---

*FINANCIAL STATEMENTS*

December 31, 2025

# Table of Contents

---

## JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

INDEPENDENT AUDITOR’S REPORT	1
AUDITED FINANCIAL STATEMENTS	4
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
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>	21

## **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, 2025, 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, 2025, 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 opinion.

##### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

## **Report on Summarized Comparative Information**

We have previously audited Jefferson County Local Development Corporation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 3, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, 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 February 23, 2026, 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 CPAs, PLLC*

Watertown, New York  
February 23, 2026

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

**AUDITED FINANCIAL STATEMENTS**

---

**STATEMENT OF FINANCIAL POSITION**

December 31, 2025 with Comparative Totals for 2024

	<b>ASSETS</b>	
	<b>2025</b>	<b>2024</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,776,504	\$ 3,876,937
Loans Receivable, Net	87,187	126,059
Due from JCIDA	1,500,000	59,475
Other Receivables	-	30,000
Prepaid Expenses	-	4,648
	<hr/>	<hr/>
Total Current Assets	3,363,691	4,097,119
<b>PROPERTY AND EQUIPMENT, NET</b>	46,445	56,920
<b>RIGHT OF USE ASSET - OPERATING LEASE</b>	203,686	247,523
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<u>\$ 3,613,822</u>	<u>\$ 4,401,562</u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 8,181	\$ 19,712
Grants Payable	10,000	51,233
Accrued Expenses	22,079	42,956
Current Portion of Operating Lease Liability	44,403	49,948
Unearned Revenue	558,664	640,344
	<hr/>	<hr/>
Total Current Liabilities	643,327	804,193
<b>LONG-TERM LIABILITIES</b>		
Operating Lease Liability, Net	131,533	170,130
	<hr/>	<hr/>
Total Liabilities	774,860	974,323
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions		
Undesignated/Total Net Assets	2,838,962	3,427,239
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,613,822</u>	<u>\$ 4,401,562</u>

---

See notes to audited financial statements.

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2025 with Comparative Totals for 2024

	<b>2025</b>	<b>2024</b>
<b>SUPPORT AND REVENUE</b>		
Jefferson County Support	\$ 478,000	\$ 667,000
Grant Revenue	111,722	1,131,255
Administrative Fees	-	713,700
Interest on Loans Receivable	3,690	6,167
Interest Income	3,215	4,331
Miscellaneous	8,542	32,475
	<hr/>	<hr/>
Total Support and Revenue	605,169	2,554,928
<b>EXPENSES</b>		
Agriculture	183,476	206,901
Marketing	170,878	348,075
Economic Development	444,424	1,175,963
General and Administrative	335,193	447,256
	<hr/>	<hr/>
Total Expenses	1,133,971	2,178,195
<b>CHANGE IN NET ASSETS</b>	(528,802)	376,733
<b>NET ASSETS, BEGINNING OF YEAR</b>	3,427,239	3,050,506
<b>ADMINISTRATIVE FEE FORGIVENESS</b>	<hr/> (59,475) <hr/>	<hr/> - <hr/>
<b>NET ASSETS, END OF YEAR</b>	<hr/> \$ 2,838,962 <hr/>	<hr/> \$ 3,427,239 <hr/>

---

See notes to audited financial statements.

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2025 with Summarized Comparative Totals for 2024

	Program Services			Total Program Services	General and Administrative	Totals	
	Agriculture	Marketing	Economic Development			2025	2024 (Summarized)
Salaries and Employee Benefits	\$ 137,646	\$ 117,253	\$ 210,455	\$ 465,354	\$ 237,550	\$ 702,904	\$ 755,369
Advertising and Promotion	14,921	33,140	8,700	56,761	-	56,761	55,223
Credit Losses	-	-	-	-	-	-	6,134
Dues and Subscriptions	-	-	-	-	4,443	4,443	10,179
Equipment Rental and Maintenance	-	-	-	-	5,095	5,095	5,272
Grant Expense	-	-	111,722	111,722	-	111,722	1,131,255
Miscellaneous	5,146	-	-	5,146	-	5,146	1,050
Occupancy	2,551	2,173	3,900	8,624	4,402	13,026	11,098
Office Expenses	7,931	6,756	12,126	26,813	13,688	40,501	45,893
Operating Lease Expense	9,721	8,281	14,864	32,866	16,777	49,643	49,643
Professional Fees	-	-	78,481	78,481	19,778	98,259	48,308
Travel, Training and Conferences	2,829	948	-	3,777	18,272	22,049	30,226
Utilities	2,731	2,327	4,176	9,234	4,713	13,947	13,014
<b>Total Expenses Before Depreciation</b>	<b>183,476</b>	<b>170,878</b>	<b>444,424</b>	<b>798,778</b>	<b>324,718</b>	<b>1,123,496</b>	<b>2,162,664</b>
Depreciation	-	-	-	-	10,475	10,475	15,531
<b>TOTAL EXPENSES</b>	<b>\$ 183,476</b>	<b>\$ 170,878</b>	<b>\$ 444,424</b>	<b>\$ 798,778</b>	<b>\$ 335,193</b>	<b>\$ 1,133,971</b>	<b>\$ 2,178,195</b>

See notes to audited financial statements.

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2025 with Comparative Totals for 2024

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (528,802)	\$ 376,733
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:		
Depreciation Expense	10,475	15,531
Credit Losses	-	6,134
Noncash Lease Expense	43,837	42,285
(Increase) Decrease in:		
Due from JCIDA	-	(59,475)
Other Receivables	30,000	(30,000)
Prepaid Expenses	4,648	(1,935)
Increase (Decrease) in:		
Accounts Payable	(11,531)	9,989
Grants Payable	(41,233)	(13,567)
Accrued Expenses	(20,877)	1,525
Operating Lease Liability	(44,142)	(56,008)
Unearned Revenue	(81,680)	(1,338,256)
	<u>(639,305)</u>	<u>(1,047,044)</u>
 <b>Net Cash Used in Operating Activities</b>	 <u>(639,305)</u>	 <u>(1,047,044)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	-	(2,350)
Loans Issued	(1,500,000)	-
Principal Collections on Loans Receivable	38,872	70,094
	<u>38,872</u>	<u>70,094</u>
 <b>Net Cash Provided by (Used In) Investing Activities</b>	 <u>(1,461,128)</u>	 <u>67,744</u>
 Net Decrease in Cash	 (2,100,433)	 (979,300)
 Cash, Beginning of Year	 <u>3,876,937</u>	 <u>4,856,237</u>
 Cash, End of Year	 <u>\$ 1,776,504</u>	 <u>\$ 3,876,937</u>

---

See notes to audited financial statements.

## JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

---

### NOTES TO FINANCIAL STATEMENTS

December 31, 2025 with Comparative Totals for 2024

#### 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**

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 assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**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, 2025 and 2024, 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 judgment 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 \$5,000. 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:

<b>Category</b>	<b>Recovery Period Years</b>
Equipment	5 - 10
Furniture and Fixtures	5 - 10

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**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 2024, 2023, and 2022 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.

---

---

## JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION

---

---

### NOTES TO FINANCIAL STATEMENTS

December 31, 2025 with Comparative Totals for 2024

#### 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 (IDA) 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 and Economic Development 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 \$56,761 and \$55,223 for the years ended December 31, 2025 and 2024, respectively.

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**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, 2025 and 2024.

Cash paid for amounts included in operating lease liabilities were as follows for the years ended December 31:

	<b>2025</b>	<b>2024</b>
Operating Lease Liability Payments	<u>\$ 49,948</u>	<u>\$ 63,366</u>

**Date of Management's Review**

The LDC has evaluated events and transactions that occurred between December 31, 2025 and February 23, 2026, 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.

**NOTE 3 – LOANS RECEIVABLE, NET**

---

Loans receivable consisted of the following at December 31:

	<b>2025</b>	<b>2024</b>
Revolving Loan Fund Program	\$ 86,413	\$ 116,915
Covid-19 Emergency Loan Program	4,810	40,680
Clayton Loan Program	3,464	3,464
Less, Allowance for Credit Losses	<u>(7,500)</u>	<u>(35,000)</u>
Total Loans Receivable, Net	<u>\$ 87,187</u>	<u>\$ 126,059</u>

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**NOTE 3 – LOANS RECEIVABLE, NET – Continued**

The aging of the loan receivables portfolio by classes as of December 31, 2025 is summarized as follows:

	<b>30-59 Days Past Due</b>	<b>60-89 Days Past Due</b>	<b>Greater Than 90 Days</b>	<b>Current</b>	<b>Total Loans Receivable</b>
Revolving Loan Fund	\$ -	\$ -	\$ -	\$ 86,413	\$ 86,413
Covid-19 Emergency Loans	-	-	-	4,810	4,810
Clayton Loan Program	-	-	3,464	-	3,464
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,464</u>	<u>\$ 91,223</u>	<u>\$ 94,687</u>

The aging of the loan receivables portfolio by classes as of December 31, 2024 is summarized as follows:

	<b>30-59 Days Past Due</b>	<b>60-89 Days Past Due</b>	<b>Greater Than 90 Days</b>	<b>Current</b>	<b>Total Loans Receivable</b>
Revolving Loan Fund	\$ -	\$ -	\$ -	\$ 116,915	\$ 116,915
Covid-19 Emergency Loans	-	-	-	40,680	40,680
Clayton Loan Program	-	-	-	3,464	3,464
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,059</u>	<u>\$ 161,059</u>

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

	<b>2025</b>	<b>2024</b>
Balance, January 1	\$ 35,000	\$ 50,000
COVID-19 Emergency Loan Forgiveness	<u>(27,500)</u>	<u>(15,000)</u>
Balance, December 31	<u>\$ 7,500</u>	<u>\$ 35,000</u>

For the years ended December 31, 2025 and 2024, credit loss expense related to loans receivable was \$-0- and \$6,134, respectively.

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**NOTE 3 – LOANS RECEIVABLE, NET – Continued**

---

**Revolving Loan Fund Program**

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

	<b>2025</b>	<b>2024</b>
Clayton Island Tours	\$ 3,993	\$ 6,123
Clayton Yacht Club	13,321	22,077
North Branch Farms	7,168	15,538
WICLDC	61,931	73,177
	<hr/>	<hr/>
Total Revolving Loan Fund Program	<u>\$ 86,413</u>	<u>\$ 116,915</u>

**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 years ended December 31, 2025 and 2024, \$27,500 and \$15,000 of Covid-19 emergency loans were forgiven, respectively.

**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 for both years ended December 31, 2025 and 2024 was \$3,464.

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**NOTE 4 – PROPERTY AND EQUIPMENT, NET**

---

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

	<b>2025</b>	<b>2024</b>
Furniture and Fixtures	\$ 79,248	\$ 79,248
LHI Records Storage	87,030	87,030
Total	<u>166,278</u>	<u>166,278</u>
Less: Accumulated Depreciation	<u>(119,833)</u>	<u>(109,358)</u>
Property and Equipment, Net	<u>\$ 46,445</u>	<u>\$ 56,920</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$10,475 and \$15,531, respectively.

**NOTE 5 – OPERATING LEASE**

---

The LDC leases office space from Watertown Industrial Center Local Development Corp (WICLDC), a related party, under a 10-year lease agreement. As of December 31, 2025, the operating lease ROU asset and operating lease liability related to this agreement were \$203,686 and \$175,936, respectively.

As of December 31, 2025, the weighted average remaining lease term of this agreement is 4.33 years, and the weighted average discount rate is 3.0%. 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, 2025 and 2024 was \$49,643.

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**NOTE 5 – OPERATING LEASE – Continued**

---

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

2026	\$	43,239
2027		43,239
2028		43,239
2029		43,239
Thereafter		<u>14,415</u>
Total Future Minimum Lease Payments		187,371
Less Imputed Interest		<u>11,435</u>
Total		175,936
Less Current Portion		<u>44,403</u>
Total Long-Term Operating Lease Liability	\$	<u><u>131,533</u></u>

**NOTE 6 – RELATED PARTY AGREEMENTS AND TRANSACTIONS**

---

The LDC rents office space from WICLDC under a 10-year lease agreement. See Note 5 for further details.

On December 1, 2010, the LDC loaned WICLDC \$200,000 for roof replacement expenses. The loan matures on January 1, 2031. As of December 31, 2025 and 2024 the balance remaining on the loan was \$61,931 and \$73,177, respectively.

An agreement was executed between the LDC and the IDA, where IDA 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 IDA by the LDC was \$453,399 and \$713,700 for the years ended December 31, 2025 and 2024, respectively. The fee is recalculated annually based on the LDC's budget. During the year ended December 31, 2025, in-kind services were provided and the IDA was not required to reimburse the LDC the admin fee of \$453,399. Therefore, revenues recognized as administrative fees were \$-0- and \$713,700 for the years ended December 31, 2025 and 2024, respectively. During the year ended December 31, 2025, the Board of Directors approved to write off the outstanding December 2024 fee in the amount of \$59,475, which is presented as a direct reduction to net assets on the statement of activities.

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**NOTE 6 – RELATED PARTY AGREEMENTS AND  
TRANSACTIONS – Continued**

---

On February 6, 2025, the LDC loaned IDA \$1,500,000 to fund the sewer expansion at the Business Complex at the Watertown International Airport. The loan was made bearing no interest or maturity date and may be called by the LDC Board of Directors. As of December 31, 2025, the outstanding balance on the loan was \$1,500,000.

**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:

	<b>2025</b>	<b>2024</b>
Unearned Revenue, January 1	\$ 640,344	\$ 1,978,600
Revenue Recognized	(111,722)	(1,338,256)
Cash Received in Advance of Performance:		
ARPA Grant - Return of Award	<u>30,042</u>	<u>-</u>
Unearned Revenue, December 31	<u>\$ 558,664</u>	<u>\$ 640,344</u>

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

**NOTE 8 – JEFFERSON COUNTY SUPPORT**

---

The LDC has an annual agreement with Jefferson County to provide economic development services to promote and publicize the economic advantages of Jefferson County and to assist business concerns that wish to locate or expand operations within Jefferson County. The LDC also provides agricultural development services to promote agriculture and agri-business concerns to assist in the economic growth of the industry. The agreement is for the LDC to render such assistance in the economic development and wellbeing of Jefferson County and its residents. The contributions from Jefferson County consisted of the following for the years ending December 31:

	<b>2025</b>	<b>2024</b>
Jefferson County Agriculture Development Services	\$ 150,000	\$ 150,000
Jefferson County Economic Development Services	<u>328,000</u>	<u>517,000</u>
	<u>\$ 478,000</u>	<u>\$ 667,000</u>

---

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**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 \$1,539,497 and \$3,604,659, for the years ended December 31, 2025 and 2024, 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, 2025 and 2024.

**NOTE 10 – RETIREMENT PLAN**

---

On August 1, 2013, the LDC established a 401K Profit Sharing Pension Plan. The Plan is administered by Paychex with RBC Wealth Management as the Fiscal Advisor. 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, 2025 and 2024, the LDC made contributions in the amount of \$45,489 and \$44,773, 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 IDA, 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 IDA.

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 Jefferson County, 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

---

---

**JEFFERSON COUNTY LOCAL DEVELOPMENT CORPORATION**

---

---

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 with Comparative Totals for 2024

**NOTE 11 – GRANT REVENUE – Continued**

---

For the years ended December 31, 2025 and 2024, the LDC recognized \$111,722 and \$1,131,255 in ARPA grant revenues and ARPA grant expense. The unspent grant proceeds received in the amount of \$558,664 and \$640,344 are reported as unearned revenue at December 31, 2025 and 2024, 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 its excess operating cash. The following table reflects the LDC's financial assets as of December 31, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year.

	<b>2025</b>	<b>2024</b>
Financial Assets:		
Cash	\$ 1,776,504	\$ 3,876,937
Loans Receivable	87,187	126,059
Due from JCIDA	1,500,000	59,475
Other Receivables	-	30,000
	<hr/>	<hr/>
Financial Assets, at Year-End	3,363,691	4,092,471
Less Those Unavailable For General Expenditure Within One Year, Due To:		
Cash Held for Designated Grants	(558,664)	(640,344)
Due from JCIDA to be Collected Beyond One Year	(1,500,000)	-
Loans Receivable Collectible Beyond One Year	(62,275)	(106,954)
	<hr/>	<hr/>
Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	<u>\$ 1,242,752</u>	<u>\$ 3,345,173</u>

The LDC operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. As of December 31, 2025, the intercompany loan due from JCIDA has no maturity date and is not expected to be collected within the 2026 fiscal year, therefore, considered unavailable.

**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, 2025, 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 February 23, 2026.

**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 CPAs, PLLC*

Watertown, New York  
February 23, 2026

To Management and the Board of Directors of  
Jefferson County Local Development Corporation

In planning and performing our audit of the financial statements of Jefferson County Local Development Corporation as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiencies. The following summarizes our comments and suggestions regarding the matters.

### **Lending Policy and Allowance for Credit Losses**

During the current year, the Organization amended the Lending Collection Policy and Procedures specific to the valuation reserve, section 15. The policy expanded upon requirements under Financial Accounting Standards Board (FASB) ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changed the method for recognizing credit impairments of financial assets and expanded the information organizations are required to consider when estimating credit losses, such as future economic expectations. During our testing, we noted that the allowance for credit losses approved by the Board of Directors for the year ended December 31, 2025 was not supported by updated documentation for the assumptions and loss rate factors applied to each internal risk rating classification, including current and future economic expectations as of December 2025.

Also, the standard has provided additional practical expedient and accounting policy election for estimating credit losses, for fiscal years beginning after December 15, 2025. The practical expedient would allow the Organization to assume current conditions as of the fiscal year end do not change for the remaining life of the current receivables. Therefore, the Organization will not need to develop reasonable and supportable forecasts of future economic events. There is also an accounting policy election to consider cash collection activity after the fiscal year end date when estimating expected credit losses on current receivables and would have to be elected by the Organization.

It was also noted that the lending policy does not include any information or define when loans convert to nonaccrual status, which would define when a loan would stop accruing interest due to default payment terms. Historically, there has not been a consistent process or timeline for this status determination and when interest revenues would be recognized.

### **Recommendation**

We recommend that the Organization review the lending policy in the current year and make required updates to be in compliance with the FASB accounting standard regarding the measurement of credit losses, apply the practical expedient, and adopt the accounting policy election effective for the 2026 fiscal year. The policy should be expanded to define nonaccrual status and the process and procedures relating to accruing interest on loans and the applicable recognition process for interest income on loans. An enhanced policy would allow management and the board to have a defined policy for the allowance calculations as well as the required processes and procedures for issuing and collecting on loans through payoffs and required instances that may occur such as default or late payments.

### **Information Technology Controls**

During our review of Organization IT controls and cybersecurity as part of the audit process with a questionnaire completed by the outsourced provider, it was found that the Organization has never conducted a risk assessment and is lacking certain controls over LDC assets and data. Certain areas that pose additional risks are no process for training employees on handling private information and utilizing encryption or secure file transfers, no training on cybersecurity, and not having a documented disaster recovery plan. It was also found that there is not a formal review process of user access for certain IT programs such as the accounting software, or a process to monitor who has access to certain programs and ensure proper limitations or rights are granted.

### **Recommendation**

We recommend the Organization work with the outsourced provider to prioritize implementing a structured, risk-based technology governance framework to strengthen cybersecurity, data management, and overall IT reliability. Management should begin with a comprehensive IT risk assessment and then establish formal policies for security, privacy, data retention, and access controls, supported by regular monitoring and employee training to mitigate cyber threats and fraud risks. The Organization should also develop a strategic data management and backup plan, ensure compliance with privacy and confidentiality requirements, and implement basic intrusion detection and incident response procedures. By incrementally adopting these practices and leveraging cost-effective cloud and emerging technologies, the Organization could significantly improve controls over its IT environment, protect sensitive data, and enhance operational resiliency.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of the matters, or to assist you in implementing the recommendations.

Jefferson County Local Development Corporation

February 23, 2026

Page 3

This communication is intended solely for the information and use of management, the Board of Directors, oversight agencies, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Bowen & Company CPAs, PLLC*

Watertown, New York

February 23, 2026

February 23, 2026

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 December 31, 2025, and have issued our report thereon dated February 23, 2026. 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 December 12, 2025. 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 2025. 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 credit losses 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 credit losses 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.

Management's estimate of present value of right of use leased assets and lease liability is based on the discount rate or implicit rate within the agreements in accordance with FASB ASC 842, *Leases*.

Management's estimate of the functional expense allocation is based on time and effort. We evaluated the methods, assumptions, and data used to develop the expense allocations 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. The attached material misstatement detected as a result of audit procedures was corrected by management.

#### *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 auditor's 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 February 23, 2026.

To the Board of Directors  
Jefferson County Local Development Corporation  
February 23, 2026  
Page 3

*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.

*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 CPAs, PLLC*

**Attached Material Misstatement:**

**Adjusting Journal Entries JE # 3**

To record amortization of right of use asset and reduce lease liability for rent payments under lease standard

200010	ST Lease Liability	5,545.00	
200011	LT Lease Liability	38,597.00	
710102	Lease Expense	49,643.00	
182000	ROU Lease Asset		43,837.00
710100	Office Rent		49,948.00
<b>Total</b>		<b><u>93,785.00</u></b>	<b><u>93,785.00</u></b>

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH SECTION 2925(3)(F)  
OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

---

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson County Local Development Corporation, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization’s basic financial statements and have issued our report thereon dated February 23, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Organization failed to comply with the Organization’s Investment Policy, The New York State Comptroller’s Investment Guidelines, and Section 2925(3)(F) of the NYS Public Authorities Law during the year ended December 31, 2025. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such investment guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Organization’s noncompliance with the above rules and regulations.

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

*Bowers & Company CPAs, PLLC*

Watertown, New York  
February 23, 2026