

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of
the County of Washington, New York)

Financial Statements and
Independent Auditor's Report

December 31, 2022 and 2021

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 16
Supplementary Information:	
Schedule of Financial Position	17
Schedule of Activities	18
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 <u>Government Auditing Standards</u>	19 - 20
Status of Prior Audit Findings	21

* * * * *

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Washington County Local Development Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Washington County Local Development Corporation, Inc., (the Corporation) (a nonprofit organization) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these 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 the Corporation's ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 audits.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of financial position and the schedule of activities are presented for purposes of additional analysis and are 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 audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2023 on our consideration of the 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 the 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 the Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 17, 2023

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)
Statements of Financial Position
December 31, 2022 and 2021

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and equivalents:		
Unrestricted	\$ 2,114,905	1,991,716
Restricted	<u>184,250</u>	<u>131,170</u>
Total cash and equivalents	2,299,155	2,122,886
Investments	-	22,000
Receivables:		
Loans receivable, current portion	539,941	523,707
Lease payments receivable	429	3,004
Interest receivable	25,075	34,558
Prepaid expenses	<u>1,535</u>	<u>1,535</u>
Total current assets	2,866,135	2,707,690
Other assets - loans receivable, net of allowance for doubtful accounts and excluding current portion	<u>2,211,563</u>	<u>2,280,063</u>
Total assets	<u>\$ 5,077,698</u>	<u>4,987,753</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Prepaid interest	730	1,095
Current portion of loan payable	<u>11,624</u>	<u>11,509</u>
Total current liabilities	12,354	12,604
Long-term liabilities - loan payable, net of current portion	<u>59,410</u>	<u>71,040</u>
Total liabilities	<u>71,764</u>	<u>83,644</u>
Net assets:		
Net assets without donor restrictions	4,593,196	4,492,329
Net assets with donor restrictions	<u>412,738</u>	<u>411,780</u>
Total net assets	<u>5,005,934</u>	<u>4,904,109</u>
Total liabilities and net assets	<u>\$ 5,077,698</u>	<u>4,987,753</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)
Statements of Activities
Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue:		
Interest on loans	\$ 165,431	166,446
Other interest income	5,848	1,285
Contributions and grants	80,000	80,000
Origination and late fees	10,506	14,500
Events income	1,059	272
Other income	<u>1,504</u>	<u>180,205</u>
Total revenue	<u>264,348</u>	<u>442,708</u>
Expenses:		
Program expenses	109,189	76,046
Supporting services - management and general	<u>53,334</u>	<u>51,047</u>
Total expenses	<u>162,523</u>	<u>127,093</u>
Change in net assets	101,825	315,615
Net assets at beginning of year	<u>4,904,109</u>	<u>4,588,494</u>
Net assets at end of year	<u><u>\$ 5,005,934</u></u>	<u><u>4,904,109</u></u>

See accompanying notes to financial statements.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)
Statement of Functional Expenses
Year ended December 31, 2022
with comparative totals for 2021

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
Expenses:				
Salaries and wages	\$ 53,187	22,794	75,981	74,236
Payroll taxes	1,990	855	2,845	5,671
Fringe benefits	15,525	6,653	22,178	15,522
Professional fees	8,334	15,876	24,210	20,639
Interest	823	-	823	809
Insurance	-	3,842	3,842	3,620
Office expense	-	1,481	1,481	1,762
Marketing and advertising	3,601	1,543	5,144	4,706
Bad debt	25,729	-	25,729	-
Miscellaneous	-	290	290	128
Total expenses	<u>\$ 109,189</u>	<u>53,334</u>	<u>162,523</u>	<u>127,093</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)
Statement of Functional Expenses
Year ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
Expenses:			
Salaries and wages	\$ 51,965	22,271	74,236
Payroll taxes	3,970	1,701	5,671
Fringe benefits	10,865	4,657	15,522
Professional fees	5,143	15,496	20,639
Interest	809	-	809
Insurance	-	3,620	3,620
Office expense	-	1,762	1,762
Marketing and advertising	3,294	1,412	4,706
Miscellaneous	-	128	128
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 76,046</u>	<u>51,047</u>	<u>127,093</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)
Statements of Cash Flows
Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 101,825	315,615
Adjustments to reconcile change in net assets to net change provided by operating activities:		
Change in allowance for doubtful accounts	24,225	(180,205)
Changes in:		
Accounts receivable	-	653
Lease payments receivable	2,575	6,013
Interest receivable	9,483	(9,844)
Prepaid expenses	-	(43)
Prepaid interest	<u>(365)</u>	<u>(1,248)</u>
Net cash provided by operating activities	<u>137,743</u>	<u>130,941</u>
Cash flows from investing activities:		
Proceeds from maturity of investments	22,000	-
Issuance of new loans receivable	(205,000)	(310,586)
Collections on outstanding loans receivable	<u>233,041</u>	<u>410,476</u>
Net cash provided by investing activities	<u>50,041</u>	<u>99,890</u>
Cash flows from financing activities - repayments on loan payable	<u>(11,515)</u>	<u>(11,530)</u>
Net change in cash and equivalents	176,269	219,301
Cash and equivalents at beginning of year	<u>2,122,886</u>	<u>1,903,585</u>
Cash and equivalents at end of year	<u>\$ 2,299,155</u>	<u>2,122,886</u>
Supplemental schedules of cash flow information:		
Cash paid during the year for interest	<u>\$ 823</u>	<u>809</u>
Classifications of cash and equivalents:		
Unrestricted	\$ 2,114,905	1,991,716
Restricted	<u>184,250</u>	<u>131,170</u>
	<u>\$ 2,299,155</u>	<u>2,122,886</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Notes to Financial Statements

December 31, 2022 and 2021

(1) Summary of Significant Accounting Policies

(a) Organization

Washington County Local Development Corporation (the Corporation) was incorporated in 1985 under the Not-for-Profit Law of the State of New York for the purpose of relieving and reducing unemployment by promoting and providing job opportunities for low to moderate income residents of Washington County, New York (the County). This is accomplished through loans to qualifying employers. In 1986, the County contracted with the Corporation to administer a revolving loan program created by the repayments of low interest loans issued by the Washington County Community Development Program. The County Board of Supervisors assigned all loans to the Corporation for no consideration. The Corporation is a component unit of the County and is included as such in the County's general-purpose financial statements.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

(c) Basis of Presentation

The Corporation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Corporation's activities. Net assets with donor restricts are those whose use has been limited by donor imposed stipulations that either expire by passage of time, or can be fulfilled by actions of the Corporation.

(d) Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and equivalents.

(f) Investments

Accounting principles generally accepted in the United States of America established a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Investments, Continued

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are not observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to overall fair value measurement.

Investments consist of certificates of deposit with original maturities greater than three months. Investments are valued at amortized cost, which approximates fair value. The Corporation's investments at December 31, 2021 amounted to \$22,000 (level 2).

(g) Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of cash accounts in financial institutions. At times, the accounts may exceed the federally insured deposit limit, however management does not anticipate nonperformance by the financial institutions.

(h) Contributions of Nonfinancial Assets

The Corporation operates in the County's administrative office and, as such, utilizes office space made available to it. The cost services associated with such arrangements are determined to be immaterial and, therefore, no amounts are recognized in the accompanying financial statements based on fair value of the space received.

(i) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs including accounting fees, have been allocated directly to the programs and supporting services benefited.

(j) Revenue Recognition

Contributions received are recorded as net assets without donor restriction or net assets with donor restrictions, depending on existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Income Taxes

The Corporation is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code (the Code). Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. GAAP requires management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain tax position that more than likely would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Corporation and is not aware of any events that could jeopardize its tax exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

(l) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Liquidity

The Corporation has \$2,864,600 of financial assets available within one year of the statement of financial position date consisting of \$2,299,155 in cash and equivalents and \$565,445 in receivables. Of these financial assets, \$230,550 are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

(3) Receivables

The Corporation offers loans to qualifying employers through revolving loans programs. Loans receivable balances represent the balance on loans made available through the three revolving loan programs: unrestricted, income after closeout and intermediate relending programs.

Interest on loans receivable is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Interest accrues on loans receivable at 4% - 6% per annum as detailed in the terms of each loan agreement. Loans receivables are place on nonaccrual status when management believes, after considered economic conditions, business conditions, and collection efforts, that the loans are impairs or collection of interest is doubtful.

Management establishes an allowance for doubtful accounts when it believes that the collectability of the loan receivable is impaired or based on program requirements. Recoveries on loans previously charged off are credited directly to the allowance for losses. The allowance is an estimated amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Notes to Financial Statements, Continued

(3) Receivables, Continued

(a) Unrestricted Loans Receivables

Unrestricted loans receivables consisted of the following at December 31, 2022 and 2021:

Purpose	Original Issue Date	Maturity Date	Interest Rate	Original Amount of Issue	Monthly Payments	Balance at December 31, 2022	Balance at December 31, 2021
Sanford Holding, LLC	10/31/2006	10/31/2021	5.19%	\$ 390,000	3,208	\$ -	3,751
Queensbury 400 Properties, Inc.	11/3/2009	11/3/2024	4.00%	210,000	1,559	37,479	54,287
Binley Real Estate Holdings, LLC	11/19/2007	12/19/2021	4.00%	150,000	1,713	-	5,847
Center Road Enterprises, LLC	10/27/2011	10/27/2027	5.50%	140,000	1,059	55,181	64,526
Esther E. Davis	8/23/2013	12/23/2018	0.00%	10,000	194	7,865	7,865
Dry Town Hops, LLC	6/30/2015	10/30/2030	6.00%	80,000	675	53,443	57,753
Schoony's Country Market, LLC	9/16/2015	7/27/2038	6.00%	235,000	1,572	201,429	205,685
Harrington's Care A Lot, Inc.	9/25/2015	1/25/2026	6.00%	125,000	1,388	79,493	97,872
209-217 Main Street, LLC	3/16/2016	7/16/2036	6.00%	65,000	466	-	55,207
QBI, LLC	5/12/2016	11/12/2026	6.00%	150,000	1,665	72,407	87,451
Dancing Ewe Farms, LLC	6/29/2016	10/29/2026	6.00%	77,000	855	39,739	47,330
BDO Pizza, Inc.	10/12/2016	3/12/2027	6.00%	50,000	555	-	13,498
Kingsbury National Golf, Inc.	4/14/2017	4/14/2021	6.00%	75,000	1,450	1,942	13,458
165 Boradway, LLC	4/18/2017	4/14/2024	6.00%	124,625	1,821	35,722	54,747
Bonnie & Clyde's Gourmet On The Run, Inc.	4/18/2017	10/18/2024	6.00%	80,000	1,169	49,150	49,150
Monder Property Holdings, LLC	7/6/2017	10/6/2032	6.00%	101,400	856	78,512	83,827
Slate Town Brewing Company, LLC	8/28/2017	12/28/2032	6.00%	145,000	1,224	116,051	123,613
Vision Venture Group, LLC	10/25/2017	3/25/2038	6.00%	250,000	1,791	221,758	228,859
Bonnie & Clyde's Gourmet On The Run, Inc.	3/9/2018	3/9/2023	6.00%	20,000	387	9,660	9,660
Bennet and Carter, Inc.	4/12/2018	10/12/2028	6.00%	100,000	1,110	70,110	78,879
Roundhouse Bakery, LLC	4/26/2018	4/26/2024	6.00%	55,000	912	30,912	32,212
Greenwich Preservation Group, LLC	5/3/2018	5/3/2033	6.00%	150,000	1,266	126,138	134,559
Croatian, LLC	7/9/2018	7/9/2033	6.00%	150,000	1,266	126,107	133,964
Roma of Whitehall, LLC	10/31/2018	4/30/2033	6.00%	150,000	1,266	128,504	135,053
Monder Property Holdings, LLC	11/14/2018	11/15/2033	6.00%	54,250	458	45,097	47,760
J. Donnelly Transport, LLC	1/16/2019	2/16/2024	6.00%	60,000	1,160	13,824	29,198
Center Falls Projects, LLC	4/2/2019	10/2/2029	6.00%	55,000	611	42,634	47,217
Starky's Grill, LLC	4/18/2019	10/18/2034	6.00%	150,000	1,266	138,525	146,090
Creative D-Signs & Concepts, LLC	10/3/2019	2/3/2034	6.00%	125,000	1,055	112,567	118,189
J. Donnelly Transport, LLC	1/3/2020	2/3/2035	6.00%	150,000	2,900	73,248	103,770
Daniel Courtney Jr.	12/2/2020	4/2/2026	5.00%	10,000	189	8,184	8,942
North Country Paws for Obedience, LLC	1/5/2021	5/5/2036	5.00%	149,000	1,178	138,181	144,576
Adirondack Dogs, LLC	5/12/2021	9/12/2036	5.00%	96,000	759	90,529	94,579
Bardins, LLC	4/27/2022	11/16/2036	5.00%	204,000	1,591	195,112	65,586
Estate of Mind, LLC	3/14/2022	8/14/2027	5.00%	55,000	1,038	50,881	-
Scarlotta's Carhop, LLC	4/12/2022	7/12/2037	5.00%	150,000	1,186	147,739	-
Total unrestricted loans receivables						2,598,123	2,584,960
Less allowance for doubtful accounts						(146,169)	(120,440)
Less current portion						(494,343)	(479,250)
Total unrestricted loans receivables, net of allowance for doubtful accounts and excluding current portion						\$ 1,957,611	1,985,270

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Notes to Financial Statements, Continued

(3) Receivables, Continued

(a) Unrestricted Loans Receivables, Continued

Maturities on unrestricted loans receivables for the five years following December 31, 2022 and thereafter are as follows:

2023	\$ 494,343
2024	277,939
2025	201,992
2026	186,871
2027	159,696
Thereafter	<u>1,277,282</u>
Total	\$ <u>2,598,123</u>

Accrued interest receivable on unrestricted loans receivable at December 31, 2022 and 2021 amounted to \$24,802 and \$34,558, respectively. There was only one account at December 31, 2022 and two accounts at December 31, 2021 that were placed on nonaccrual status. At December 31, 2022 and 2021, the allowance for doubtful accounts on unrestricted loans receivables was \$146,169 and \$120,440, respectively.

(b) Income After Closeout Loan Receivable

Income after closeout loan receivable consisted of the following at December 31, 2022 and 2021:

<u>Purpose</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Monthly Payments</u>	<u>Balance at December 31, 2022</u>	<u>Balance at December 31, 2021</u>
Eastern Casting Company, Inc.	6/30/2003	2/23/2025	4.00%	\$ 350,000	1,750	\$ 127,172	143,293
					Less current portion	<u>(15,992)</u>	<u>(15,365)</u>
					Total income after closeout loan receivable, excluding current portion	<u>\$ 111,180</u>	<u>127,928</u>

Maturities on income after closeout loan receivable for the three years following December 31, 2022, is as follows:

2023	\$ 15,992
2024	16,632
2025	<u>94,548</u>
Total	\$ <u>127,172</u>

The income after closeout loan receivable was not placed on nonaccrual status at December 31, 2022 and 2021. Management has determined that no allowance was considered necessary for the income after closeout loan receivable at December 31, 2022 and 2021.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Notes to Financial Statements, Continued

(3) Receivables, Continued

(c) Intermediary Relending Program Loans Receivables

Intermediary relending program loans receivables consisted of the following at December 31, 2022 and 2021:

<u>Purpose</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Monthly Payments</u>	<u>Balance at December 31, 2022</u>	<u>Balance at December 31, 2021</u>
Eagle Bridge Custom Meat Shop, LLC	12/3/2009	12/3/2025	5.00%	\$ 100,000	742	\$ 30,804	37,955
North East Machine, Inc.	11/27/2012	11/27/2027	5.50%	40,000	329	16,197	19,147
Locust Grove Farm, Inc.	6/30/2016	4/30/2031	6.00%	150,000	1,231	86,826	95,187
Slickfin Brewing Company, LLC	4/26/2018	10/26/2028	6.00%	74,000	822	<u>49,554</u>	<u>56,176</u>
						183,381	208,465
						(11,003)	(12,508)
						<u>(29,606)</u>	<u>(29,092)</u>
						<u>\$ 142,772</u>	<u>166,865</u>

Maturities on intermediary relending program loans receivables for the five years following December 31, 2022 and thereafter are as follows:

2023	\$ 29,606
2024	31,363
2025	32,150
2026	23,351
2027	23,606
Thereafter	<u>43,305</u>
Total	\$ <u>183,381</u>

Accrued interest receivable on Intermediate Relending Program loans at December 31, 2022 amounted to \$273. There were no accounts placed on nonaccrual status at December 31, 2022 and 2021 with respect to the intermediary relending program loans receivables. At December 31, 2022 and 2021, the allowance for doubtful accounts on intermediary relending program loans receivables was \$11,003 and \$12,508, respectively.

(4) Lease Payments Receivable

As part of the Rural Business Enterprise Grant Agreement, the Corporation leases the equipment to a local business (the lessee). The total amount of the lease payment are equal to 40% of the purchase price of the equipment, \$38,088. The lessee will make monthly lease payments of \$430 through June 1, 2022. The title to the equipment is to be held in the name of the Corporation during the lease period. At the end of the lease period the equipment is to be conveyed to the lessee for the sum of \$1. The balance due as of December 31, 2022 and 2021 was \$429 and \$3,004, respectively.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Notes to Financial Statements, Continued

(5) Loan Payable Intermediary Relending Program

The Corporation entered into a loan agreement on November 25, 1998 with the U.S. Department of Agriculture for \$300,000 to be paid back over 30 years at a fixed rate of 1%. Interest only was paid for the first two years. Principal and interest payments are made in 28 equal annual installments with any remaining balance being paid 30 years from the date of the note. A stipulation of this program is that the Corporation must match \$75,000 of the loan, making total program funds \$375,000. The balance of the loan payable at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total long-term loan payable	\$ 71,034	82,549
Less current portion	<u>(11,624)</u>	<u>(11,509)</u>
Long-term loan payable, net of current portion	\$ <u>59,410</u>	<u>71,040</u>

Maturities of the loan payable for the five years following December 31, 2022 and thereafter are as follows:

2023	\$ 11,624
2024	11,741
2025	11,858
2026	11,977
2027	12,096
Thereafter	<u>11,738</u>
Total	\$ <u>71,034</u>

(6) Net Asset With Donor Restrictions

Net assets with donor restrictions at December 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Income after closeout	\$ 126,442	142,438
Intermediary relending program	250,208	233,254
RBEG grant	<u>36,088</u>	<u>36,088</u>
	\$ <u>412,738</u>	<u>411,780</u>

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Notes to Financial Statements, Continued

(7) Related Party

The Corporation's by-laws were amended in 1996 to allow for non-supervisors to be Directors of the Corporation. Each town in the County (17) is represented by the chief elected official who may appoint a designee to sit as their Town's Director of the Corporation for the duration of the Town Supervisor's term. In the absence of this appointed replacement, the Town Supervisor will be entitled to fill in in their absence. Currently, there are three designees on the Board. The Corporation is provided office space, administrative and secretarial services, office equipment, and supplies by the County without charge.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)
Supplementary Information
Schedule of Financial Position
December 31, 2022

<u>Assets</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>			<u>Total</u>
	<u>Income After Closeout</u>	<u>Intermediary Relending Program</u>	<u>RBEG Grant</u>		
Current assets:					
Cash and equivalents:					
Unrestricted	\$ 2,114,905	-	-	-	2,114,905
Restricted	-	-	148,591	35,659	184,250
Total cash and equivalents	2,114,905	-	148,591	35,659	2,299,155
Receivables:					
Loans receivable, current portion	494,343	15,992	29,606	-	539,941
Lease payments receivable	-	-	-	429	429
Interest receivable	24,802	-	273	-	25,075
Prepaid expenses	1,535	-	-	-	1,535
Total current assets	2,635,585	15,992	178,470	36,088	2,866,135
Other assets - loans receivable, net of allowance for doubtful accounts and excluding current portion	1,957,611	111,180	142,772	-	2,211,563
Total assets	<u>\$ 4,593,196</u>	<u>127,172</u>	<u>321,242</u>	<u>36,088</u>	<u>5,077,698</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Prepaid interest	-	730	-	-	730
Current portion of loan payable	-	-	11,624	-	11,624
Total current liabilities	-	730	11,624	-	12,354
Long-term liabilities - loan payable, net of current portion	-	-	59,410	-	59,410
Total liabilities	-	730	71,034	-	71,764
Net assets:					
Net assets without donor restrictions	4,593,196	-	-	-	4,593,196
Net assets with donor restrictions	-	126,442	250,208	36,088	412,738
Total net assets	<u>4,593,196</u>	<u>126,442</u>	<u>250,208</u>	<u>36,088</u>	<u>5,005,934</u>
Total liabilities and net assets	<u>\$ 4,593,196</u>	<u>127,172</u>	<u>321,242</u>	<u>36,088</u>	<u>5,077,698</u>

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)
Supplementary Information
Schedule of Activities
Year ended December 31, 2022

	Without Donor <u>Restrictions</u>	<u>With Donor Restrictions</u>			<u>Total</u>
		<u>Income After Closeout</u>	<u>Intermediary Relending Program</u>	<u>RBE Grant</u>	
Revenue:					
Interest on loans	\$ 148,322	5,504	11,605	-	165,431
Other interest income	5,848	-	-	-	5,848
Contributions and grants	80,000	-	-	-	80,000
Origination and late fees	10,506	-	-	-	10,506
Events income	1,059	-	-	-	1,059
Other income	-	-	1,504	-	1,504
Net assets released from restrictions	<u>17,655</u>	<u>(21,500)</u>	<u>3,845</u>	<u>-</u>	<u>-</u>
Total revenue	<u>263,390</u>	<u>(15,996)</u>	<u>16,954</u>	<u>-</u>	<u>264,348</u>
Expenses:					
Program expenses	109,189	-	-	-	109,189
Supporting services - management and general	<u>53,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,334</u>
Total expenses	<u>162,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,523</u>
Change in net assets	100,867	(15,996)	16,954	-	101,825
Net assets at beginning of year	<u>4,492,329</u>	<u>142,438</u>	<u>233,254</u>	<u>36,088</u>	<u>4,904,109</u>
Net assets at end of year	<u>\$ 4,593,196</u>	<u>126,442</u>	<u>250,208</u>	<u>36,088</u>	<u>5,005,934</u>

**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**

The Board of Directors
Washington 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 Washington County Local Development Corporation (the Corporation) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Corporation’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 17, 2023

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the County of Washington, New York)

Status of Prior Audit Findings

Year ended December 31, 2022

Criteria - Title 7 of the Code of Federal Regulations (CFR) Part 4274.322(b)(5) requires that funds may not be used for any investment in securities or certificates of deposit of over 30-day duration without the concurrence of Rural Development (RD).

Status - The Corporation closed the existing certificate of deposit account and opened a new account for a certificate of deposit with a maturity of 30 days. As such, this finding is considered resolved.



WASHINGTON COUNTY

Local Development Corporation

March 17, 2023

EFPR Group, CPAs, PLLC
6390 Main Street, Suite 200
Williamsville, New York 14221

This representation letter is provided in connection with your audits of the financial statements of Washington County Local Development Corporation (the Corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 17, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 14, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

County Municipal Center, 383 Broadway, Fort Edward, NY 12828
P (518) 746-2292 F (518) 746-2293 info@wcldc.org
website www.wcldc.org

Proudly Serving Washington County Businesses Since 1985
The Washington County LDC is an Equal Opportunity Lender, Provider and Employer
Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, 1400 Independence Avenue,
S.W. Washington DC 20250-9410 or Call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the adjusting journal entries you have proposed and, they have been posted to the Corporation's accounts.
- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Corporation is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 12) In regard to preparing the financial statements and related notes, federal and state information returns, and other bookkeeping services performed by you, we have:
 - a) Assumed all management responsibilities.
 - b) Designated Deanna Derway (Executive Director) within senior management who has suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.

Information Provided

- 13) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Corporation from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 15) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 16) We have no knowledge of any fraud or suspected fraud that affects the Corporation and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 17) We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 18) We have identified and disclosed to you all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 19) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 20) We have disclosed to you the names of all of the Corporation's related parties and all the related-party relationships and transactions, including any side agreements.
- 21) The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 23) The Washington County Local Development Corporation is an exempt Corporation under Section 501 (c)(4) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Corporation's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 24) We acknowledge our responsibility for presenting the schedule of financial position and schedule of activities in accordance with U.S. GAAP, and we believe the schedule of financial position and schedule of activities, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedule of financial position and schedule of activities have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 25) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

Signature: _____



Title: _____

CHAIR

REPORT TO THE BOARD

March 17, 2023

The Board of Directors
Washington County Local
Development Corporation

Dear Board Members:

We have audited the financial statements of Washington County Local Development Corporation (the Corporation) for the year ended December 31, 2022, and have issued our report thereon dated March 17, 2023. 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 engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in note 1 to the financial statements. For the year ended December 31, 2022, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, "Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets." ASU 2020-07 requires new presentation and disclosures for gift-in-kind donations to improve transparency on how those assets are used and valued. These financial statements and notes reflect retroactive adoption of this new standard. We noted no transactions entered into by the 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

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.

For the year ended December 31, 2022, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no 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. There were no material uncorrected misstatements detected as a result of our audit procedures.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter.

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 Corporation'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 prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplemental information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Board of Directors and management of Washington 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,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC