

LEWIS COUNTY DEVELOPMENT
CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020

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LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

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**BOWERS & COMPANY
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INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY** (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

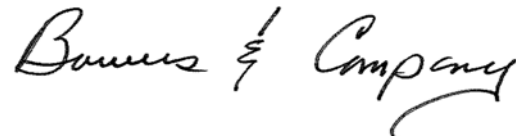
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lewis County Development Corporation and Subsidiary as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Lewis County Development Corporation and Subsidiary's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021, on our consideration of Lewis County Development Corporation and Subsidiary'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 Lewis County Development Corporation and Subsidiary'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 Lewis County Development Corporation and Subsidiary's internal control over financial reporting and compliance.

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Watertown, New York
March 10, 2021

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2020 with Comparative Totals for 2019

	ASSETS	2020	2019
Cash		\$ 69,568	\$ 68,633
Accounts Receivable		7,087	7,667
Other Receivable		185,000	185,000
Grant Receivable		-	150,000
Property and Equipment, Net		<u>233,277</u>	<u>256,324</u>
TOTAL ASSETS		<u><u>\$ 494,932</u></u>	<u><u>\$ 667,624</u></u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable		\$ 544	\$ -
Accrued Interest Payable		3,000	3,000
Deposits		10,000	10,000
Line of Credit		178,954	324,013
Notes Payable		<u>303,832</u>	<u>315,530</u>
Total Liabilities		<u>496,330</u>	<u>652,543</u>
NET ASSETS (DEFICIT)			
Net Assets (Deficit) Without Donor Restrictions		<u>(1,398)</u>	<u>15,081</u>
Total Net Assets (Deficit)		<u>(1,398)</u>	<u>15,081</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)		<u><u>\$ 494,932</u></u>	<u><u>\$ 667,624</u></u>

See notes to consolidated financial statements.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2020 with Summarized Totals for December 31, 2019

	2020	2019
SUPPORT AND REVENUE		
Contributions	\$ 20	\$ -
Grant Revenue	10,000	15,065
Interest	4	40
Miscellaneous	-	358
Rent	<u>35,747</u>	<u>16,663</u>
Total Support and Revenue	<u>45,771</u>	<u>32,126</u>
EXPENSES		
Program Service		
Economic Development	51,851	43,810
Supporting Service		
Management and General	<u>10,399</u>	<u>10,029</u>
Total Expenses	<u>62,250</u>	<u>53,839</u>
CHANGE IN NET ASSETS	(16,479)	(21,713)
NET ASSETS, BEGINNING OF YEAR	<u>15,081</u>	<u>36,794</u>
NET ASSETS (DEFICIT), END OF YEAR	<u><u>\$ (1,398)</u></u>	<u><u>\$ 15,081</u></u>

See notes to consolidated financial statements.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020 with Summarized Totals for December 31, 2019

	Program Service Economic Development	Management and General	2020	Totals 2019 (Summarized)
Grants Paid	\$ 8,570	\$ -	\$ 8,570	\$ -
Advertising, Postage and Printing	-	-	-	77
Fees and Permits	3,926	120	4,046	3,932
Insurance	2,711	853	3,564	2,563
Interest	10,097	-	10,097	14,664
Miscellaneous	-	1,461	1,461	1,458
Professional Fees	-	7,965	7,965	7,588
Repairs and Maintenance	3,500	-	3,500	510
Depreciation	23,047	-	23,047	23,047
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 51,851	\$ 10,399	\$ 62,250	\$ 53,839

See notes to consolidated financial statements.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2020 with Comparative Totals for 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (16,479)	\$ (21,713)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation Expense	23,047	23,047
(Increase) Decrease in Operating Assets:		
Accounts Receivable	580	(7,667)
Other Receivable	-	279,559
Grant Receivable	150,000	150,000
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	544	(660)
Refundable Advance	-	(15,065)
Net Cash Provided By Operating Activities	<u>157,692</u>	<u>407,501</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable	(11,698)	(23,116)
Repayment of Line of Credit	<u>(145,059)</u>	<u>(425,987)</u>
Net Cash Used In Financing Activities	<u>(156,757)</u>	<u>(449,103)</u>
Net Increase (Decrease) in Cash	935	(41,602)
Cash, Beginning of Year	<u>68,633</u>	<u>110,235</u>
Cash, End of Year	<u><u>\$ 69,568</u></u>	<u><u>\$ 68,633</u></u>

See notes to consolidated financial statements.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 with Comparative Totals for 2019

NOTE 1 – NATURE OF ACTIVITIES

Lewis County Development Corporation (the LCDC) was established in 2003 under the Not-for-Profit Corporation Law of the State of New York for the following purposes:

- To identify, research, fund, develop and manage projects, programs and business opportunities that will increase economic opportunities for Lewis County, New York (the “County”) and its residents;
- To revitalize and enhance business areas in the County;
- To stabilize and enhance the infrastructure of the County to include the utilization of new technologies;
- To recruit enterprises and businesses to the County;
- To provide education and research on the best practices for the economic development of the County;
- To preserve the cultural, historical, and natural resources of the County; and
- To expand economic development potential through collaboration and partnerships.

LCDC’s wholly owned subsidiary, Black Moose Development, LLC, was established in 2011 for the purposes of owning property in the Village of Lyons Falls, New York.

LCDC and Black Moose Development, LLC’s significant sources of operating revenues are from grant and contract revenue, rental revenue, interest received on loans issued, and contributions received.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the LCDC and its wholly owned subsidiary, Black Moose Development, LLC. All significant intercompany transactions and balances have been eliminated. The LCDC and its Subsidiary are collectively referred to herein as the “Corporation”.

Basis of Accounting

The Corporation’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 with Comparative Totals for 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

The Corporation is required to report information regarding its financial position and activities according to one class of net assets: net assets without donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations. They are currently available for operating purposes subject only to the broad limits resulting from the nature of the Corporation.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures. Actual results could differ from those estimates.

Cash

For purposes of the Consolidated Statement of Cash Flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of December 31, 2020 and 2019, the Corporation held no cash equivalents.

Other and Grant Receivable

Other receivable and grant receivable represent amounts due from the Village of Lyons Falls, County of Lewis Industrial Development Agency, and a National Grid grant for the Phase 4 demolition of the Lyons Falls Pulp & Paper Mill project. The receivables are deemed to be fully collectible.

Property and Equipment

Property and equipment are capitalized at cost and depreciated using the straight-line method over their estimated useful lives of seven to thirty-nine years. The Corporation does not have a formal capitalization policy.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 with Comparative Totals for 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising

Advertising costs are expensed as incurred.

Tax Status

The Corporation is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision has been made for Federal or State taxes.

The Corporation has adopted the provisions of Financial Accounting Standards Board Codification, “*Income Taxes*.” In determining the recognition of uncertain tax positions, the Corporation applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities.

The Corporation recognizes potential liabilities associated with anticipated tax audit issues that may arise during an examination. Interest and penalties that are anticipated to be due upon examination are recognized as accrued interest and other liabilities with an offset to interest and other expense. The Corporation analyzed its tax positions taken on their Federal and State tax returns for the open tax years 2017, 2018, and 2019. Based on this analysis, the Corporation determined that there were no uncertain tax positions and that the Corporation should prevail upon examination by the taxing authorities.

Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation’s consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 with Comparative Totals for 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

Expenses consist of costs related to economic development and administrative functions. The Corporation's operating costs have been allocated based on direct identification when possible and allocation if a single expenditure benefits more than one function. For the years ended December 31, 2020 and 2019, all costs have been allocated based on direct identification.

Revenue Recognition

The majority of the Corporation's revenue stream is generated from rent income and interest income on loans which are outside the scope of Topic 606. Rent income is recognized at the time it is received by the Corporation.

A portion of the Corporation's revenue is derived from cost-reimbursable local contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. In accordance with ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made*" (Topic 958), amounts received are recognized as revenue when the Corporation incurred expenditures in compliance with specific grant provisions.

Impact of COVID-19 Pandemic on Financial Statements

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

Date of Management's Review

Management has evaluated subsequent events through March 10, 2021, the date which the consolidated financial statements were available to be issued.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 with Comparative Totals for 2019

NOTE 3 – OTHER RECEIVABLE

Local government sources are amounts due from the Village of Lyons Falls and the County of Lewis Industrial Development Agency for the Phase 4 abatement and demolition of the former Lyons Falls Pulp and Paper Mill as follows:

	2020	2019
Village of Lyons Falls	\$ 96,943	\$ 96,943
County of Lewis Industrial Development Agency	<u>88,057</u>	<u>88,057</u>
	<u>\$ 185,000</u>	<u>\$ 185,000</u>

NOTE 4 – GRANT RECEIVABLE

The Corporation recognized grant receivable for the Phase 4 demolition of the Lyons Falls Pulp and Paper Mill project as follows during the years ended December 31:

	2020	2019
National Grid	<u>\$ -</u>	<u>\$ 150,000</u>

NOTE 5 – PROPERTY AND EQUIPMENT, NET

On January 10, 2011, Black Moose Development, LLC purchased property with a building on its premises on Center Street in the Village of Lyons Falls, New York. During the year ended December 31, 2012, the Corporation began work to rehabilitate this property. This property was purchased using Lewis County Shovel Ready Industrial Development Program (Shovel Ready Program) grant funds. As a result, the County has a security interest in this property. The County has the right to reimbursement for the proceeds of the sale of any property purchased with Shovel Ready Program funds until such time as the grant program closes and all program requirements are satisfied.

On September 16, 2016, Lewis County Development Corporation purchased \$62,924 worth of equipment with United States Department of Agriculture Grant monies to be used by Tug Hill Vineyards.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 with Comparative Totals for 2019

NOTE 5 – PROPERTY AND EQUIPMENT, NET - Continued

Property and equipment consist of the following at December 31:

	2020	2019
Land and Improvements	\$ 190,000	\$ 190,000
Buildings and Improvements	54,259	54,259
Equipment	<u>62,924</u>	<u>62,924</u>
	307,183	307,183
Less: Accumulated Depreciation	<u>73,906</u>	<u>50,859</u>
Property and Equipment, Net	<u><u>\$ 233,277</u></u>	<u><u>\$ 256,324</u></u>

NOTE 6 – LINE OF CREDIT

The Corporation has a \$200,000 line of credit with Community Bank. The interest rate is 4%, which was the prime rate at December 31, 2020, with a floor of 4%. The line is secured by various assets of the Corporation. The total amount outstanding for both years ended December 31, 2020 and 2019 was \$0. The line of credit will expire on July 31, 2021.

The Corporation has a \$750,000 line of credit with the Development Authority of the North Country. The interest rate is 1.5%. The line is secured by assignment of payments from grant sources to include National Grid, Restore NY, and Empire State Development. The total amount outstanding at December 31, 2020 and 2019 was \$178,954 and \$324,013, respectively. The line of credit will expire upon receipt of final disbursement from grant sources.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 with Comparative Totals for 2019

NOTE 7 – NOTES PAYABLE

The Corporation had notes payable as follows at December 31:

	2020	2019
A note and mortgage payable to the County of Lewis Industrial Development Agency dated May 10, 2011 in the amount of \$100,000. The mortgage created a lien on real estate located in the Village of Lyons Falls, New York. The value of all property and equipment subject to this lien at December 31, 2020 and 2019 was \$244,259 for both years. Annual payments of interest only at 3.00% began May 10, 2012 through April 10, 2022. Monthly installments of approximately \$833 plus interest will begin May 10, 2022 through April 10, 2032.	\$ 100,000	\$ 100,000
A note dated August 25, 2016 in the amount of \$250,000 from the Development Authority of the North Country. The note is secured by a guarantee by the County of Lewis Industrial Development Agency. Interest accrues annually at 1.00%. Repayment began on the one-year anniversary date of the loan closing.	<u>203,832</u>	<u>215,530</u>
Total	<u>\$ 303,832</u>	<u>\$ 315,530</u>

Maturities of long-term debt over the next five years and thereafter are estimated as follows:

2021	\$ 11,815
2022	18,601
2023	22,052
2024	22,173
2025	22,295
Thereafter	<u>206,896</u>
Total	<u>\$ 303,832</u>

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 with Comparative Totals for 2019

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Corporation typically maintains cash deposits in local federally insured banks. At times, the balances in these accounts may be in excess of federally insured limits. As of December 31, 2020 and 2019, all of the Corporation's deposits were covered by FDIC insurance.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation 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 Corporation operates collecting sufficient revenue to cover general expenditures. The costs for the grant project are covered by resources from local government agencies and grants. The following table reflects the Corporation's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date because the assets are not convertible to cash within one year.

	2020	2019
Financial Assets:		
Cash	\$ 69,568	\$ 68,633
Accounts Receivable	7,087	7,667
Other Receivable	185,000	185,000
Grant Receivable	-	150,000
	<hr/>	<hr/>
Financial Assets, End of Year	261,655	411,300
Less those Unavailable for General Expenditures Within One Year, due to:		
Other Receivable and Grant Receivable Used to Pay the Line of Credit	<hr/>	<hr/>
	185,000	335,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<hr/> <hr/>	<hr/> <hr/>
	\$ 76,655	\$ 76,300

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 with Comparative Totals for 2019

NOTE 10 – CASH FLOW INFORMATION

There were no noncash investing or financing activities during 2020 and 2019.

Cash paid for interest was as follows for the years ended December 31:

	2020	2019
Interest	<u>\$ 10,097</u>	<u>\$ 14,664</u>



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**BOARD OF DIRECTORS
LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY**

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 consolidated financial statements of Lewis County Development Corporation and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Lewis County Development Corporation and Subsidiary'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lewis County Development Corporation and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Lewis County Development Corporation and Subsidiary'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 consolidated 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.

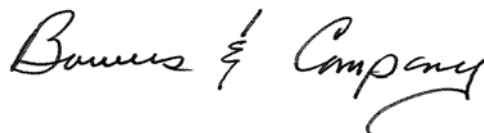
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lewis County Development Corporation and Subsidiary's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Watertown, New York
March 10, 2021



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

March 10, 2021

Board of Directors and Management
Lewis County Development Corporation

We have audited the consolidated financial statements of Lewis County Development Corporation and Subsidiary for the year ended December 31, 2020, and have issued our report thereon dated March 10, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 18, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lewis County Development Corporation and Subsidiary are described in Note 2 to the consolidated financial statements. 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 consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated 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 consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the consolidated financial statements was:

Management's estimate of the amount due from other governments is based on collectability from various funding sources. We evaluated the key factors and assumptions used to develop the collectability from various sources in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

The consolidated 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. The following schedule of material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated 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 March 10, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's consolidated financial statements or a determination of the type of auditor's 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.

Board of Directors and Management
Lewis County Development Corporation and Subsidiary
March 10, 2021
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the 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.

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

Very truly yours,

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned below the "Very truly yours," text.

Board of Directors and Management
 Lewis County Development Corporation and Subsidiary
 March 10, 2021
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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		02-103		
To record current year depreciation				
6300-2	Depreciation Expense		14,058.00	
2000-2	Accumulated Depreciation			14,058.00
Total			<u>14,058.00</u>	<u>14,058.00</u>



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

To the Board of Directors
Lewis County Development Corporation and Subsidiary

In planning and performing our audit of the consolidated financial statements of Lewis County Development Corporation and Subsidiary as of and for the year ended December 31, 2020, 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, we considered Lewis County Development Corporation and Subsidiary's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 10, 2021, on the consolidated financial statements of Lewis County Development Corporation and Subsidiary.

Review of Bank Reconciliations

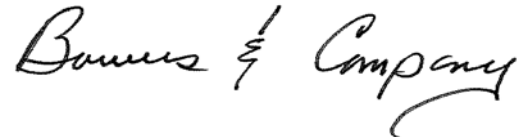
Internal control is most effective when the bank reconciliation is prepared by someone not responsible for entries in the receipts and disbursements records. We recognize this is difficult because of the limited number of staff, therefore, we recommend that a board member review, approve, and sign the bank reconciliation each month.

Establish a Fixed Asset Capitalization Policy

We noted that the Corporation does not have a set policy for capitalization of fixed assets. We recommend that the Corporation establish a policy whereby all property and equipment over a certain dollar amount (e.g. \$2,000) and having a useful life of one year or more are capitalized.

Board of Directors
Lewis County Development Corporation and Subsidiary
March 10, 2021
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We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Corporation personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Watertown, New York
March 10, 2021