

LEWIS COUNTY DEVELOPMENT
CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

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LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

Report on the Audit of the Financial Statements

Opinion

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, 2022, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lewis County Development Corporation and Subsidiary as of December 31, 2022, and the changes in their net assets and their 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 the Lewis County Development Corporation and Subsidiary 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lewis County Development Corporation and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Lewis County Development Corporation and Subsidiary'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lewis County Development Corporation and Subsidiary's ability to continue as a going concern for a reasonable period of time.

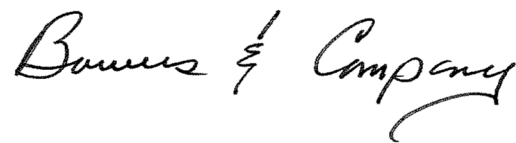
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Lewis County Development Corporation and Subsidiary's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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 1, 2023, 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.

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 1, 2023

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022 with Comparative Totals for 2021

	ASSETS	
	2022	2021
Cash	\$ 152,473	\$ 93,097
Accounts Receivable	-	14,097
Other Receivable	31,385	31,385
Property and Equipment, Net	<u>107,241</u>	<u>199,742</u>
TOTAL ASSETS	<u><u>\$ 291,099</u></u>	<u><u>\$ 338,321</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Line of Credit	\$ -	\$ 35,643
Notes Payable	<u>180,084</u>	<u>292,017</u>
Total Liabilities	<u>180,084</u>	<u>327,660</u>
NET ASSETS		
Net Assets Without Donor Restrictions	<u>111,015</u>	<u>10,661</u>
Total Net Assets	<u>111,015</u>	<u>10,661</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 291,099</u></u>	<u><u>\$ 338,321</u></u>

See notes to consolidated financial statements.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2022 with Summarized Totals for December 31, 2021

	2022	2021
SUPPORT AND REVENUE		
Contributions	\$ 540	\$ 40
Grant Revenue	35,242	40,000
Interest	6	6
Gain on Option Expiration	-	10,000
Gain on Sale of Property	90,096	-
Rent	26,489	28,760
Total Support and Revenue	<u>152,373</u>	<u>78,806</u>
EXPENSES		
Program Service		
Economic Development	39,335	56,901
Supporting Service		
Management and General	12,684	9,846
Total Expenses	<u>52,019</u>	<u>66,747</u>
CHANGE IN NET ASSETS	100,354	12,059
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>10,661</u>	<u>(1,398)</u>
NET ASSETS, END OF YEAR	<u>\$ 111,015</u>	<u>\$ 10,661</u>

See notes to consolidated financial statements.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022 with Summarized Totals for December 31, 2021

	Program Service Economic Development	Management and General	2022	Totals 2021 (Summarized)
Grants Paid	\$ 12,015	\$ -	\$ 12,015	\$ 9,395
Advertising, Postage and Printing	-	-	-	22
Equipment Grant	-	-	-	14,233
Fees and Permits	3,379	50	3,429	4,106
Insurance	3,193	856	4,049	3,708
Interest	6,884	-	6,884	5,039
Miscellaneous	-	1,808	1,808	1,600
Professional Fees	-	9,970	9,970	7,067
Repairs and Maintenance	500	-	500	2,024
Supplies	-	-	-	251
Depreciation	13,364	-	13,364	19,302
TOTAL EXPENSES	\$ 39,335	\$ 12,684	\$ 52,019	\$ 66,747

See notes to consolidated financial statements.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2022 with Comparative Totals for 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 100,354	\$ 12,059
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation Expense	13,364	19,302
Equipment Grant to Grantee	-	14,233
Gain on Sale of Property	(90,096)	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	14,097	(7,010)
Other Receivable	-	153,615
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	-	(544)
Accrued Interest Payable	-	(3,000)
Deposit	-	(10,000)
Net Cash Provided By Operating Activities	<u>37,719</u>	<u>178,655</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property	<u>169,233</u>	<u>-</u>
Net Cash Provided By Investing Activities	<u>169,233</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable	(111,933)	(11,815)
Repayment of Line of Credit	<u>(35,643)</u>	<u>(143,311)</u>
Net Cash Used In Financing Activities	<u>(147,576)</u>	<u>(155,126)</u>
Net Increase in Cash	59,376	23,529
Cash, Beginning of Year	<u>93,097</u>	<u>69,568</u>
Cash, End of Year	<u>\$ 152,473</u>	<u>\$ 93,097</u>

See notes to consolidated financial statements.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 with Comparative Totals for 2021

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 purpose 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 “Organization”.

Basis of Accounting

The Organization’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, 2022 with Comparative Totals for 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

The Organization 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 Organization.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of 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.

Cash

For purposes of the Consolidated Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of December 31, 2022 and 2021, the Organization held no cash equivalents.

Other Receivable

Other receivable balance represents amounts due from the Village of Lyons Falls for the Phase 4 demolition of the Lyons Falls Pulp & Paper Mill project. The receivable is deemed to be fully collectible.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$2,000 for the acquisition and betterment of property and equipment having a useful life of one year or more.

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.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 with Comparative Totals for 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising

Advertising costs are expensed as incurred.

Tax Status

The Organization 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 Organization has adopted the provisions of Financial Accounting Standards Board Codification, “*Income Taxes*.” In determining the recognition of uncertain tax positions, the Organization 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 Organization 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 Organization analyzed its tax positions taken on their Federal and State tax returns for the open tax years 2019, 2020, and 2021. Based on this analysis, the Organization determined that there were no uncertain tax positions and that the Organization 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 Organization’s consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 with Comparative Totals for 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

Expenses consist of costs related to economic development and administrative functions. The Organization's operating costs have been allocated based on direct identification when possible and allocated if a single expenditure benefits more than one function. For the years ended December 31, 2022 and 2021, all costs have been allocated based on direct identification.

Revenue Recognition

A portion of the Organization's revenue stream is normally generated from rent income which is outside the scope of Topic 606. Rent income is recognized at the time it is received by the Organization.

In accordance with ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made*" (Topic 958), the Organization has the following revenue source that is accounted for and recognized as a nonreciprocal transaction at the time of the transaction:

Grant Revenue

The Organization receives revenue from cost-reimbursable grants and contracts with state/local agencies and other private grantors, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Donated Services

No amounts have been reflected in the consolidated financial statements for donated services. The Organization generally pays for services requiring specific expertise.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 with Comparative Totals for 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management’s Review

Management has evaluated subsequent events and transactions that occurred between December 31, 2022 and March 1, 2023, the date which the consolidated financial statements were available to be issued. Management has determined that such events have occurred, see Note 11.

NOTE 3 – OTHER RECEIVABLE

Other receivables are amounts due from the Village of Lyons Falls for the Phase 4 abatement and demolition of the former Lyons Falls Pulp and Paper Mill as follows:

	2022	2021
Village of Lyons Falls	\$ 31,385	\$ 31,385
	<u>\$ 31,385</u>	<u>\$ 31,385</u>

NOTE 4 – 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 Organization 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. On February 24, 2021, the Organization released the equipment to the Tug Hill Vineyards upon fulfillment of previously determined conditions.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 with Comparative Totals for 2021

NOTE 4 – PROPERTY AND EQUIPMENT, NET - Continued

Property and equipment consist of the following at December 31:

	2022	2021
Land and Improvements	\$ 148,487	\$ 190,000
Buildings and Improvements	-	54,259
	<hr/>	<hr/>
	148,487	244,259
Less: Accumulated Depreciation	41,246	44,517
	<hr/>	<hr/>
Property and Equipment, Net	<u>\$ 107,241</u>	<u>\$ 199,742</u>

NOTE 5 – LINE OF CREDIT

The Organization has a \$200,000 line of credit with Community Bank. The interest rate is 8.25%, which is the prime rate plus .75% at December 31, 2022, with a floor of 4%. The line is secured by various assets of the Organization. The total amount outstanding for both years ended December 31, 2022 and 2021 was \$0. The line of credit will expire on December 31, 2049.

The Organization 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, 2022 and 2021 was \$0 and \$35,643, respectively. The line of credit was closed September 5, 2022.

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 with Comparative Totals for 2021

NOTE 6 – NOTES PAYABLE

The Organization had notes payable as follows at December 31:

	2022	2021
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, 2022 and 2021 was \$0 and \$244,259, respectively. Annual payments of interest only at 3.00% began May 10, 2012 through November 4, 2022. The loan was paid in full by the Organization on November 4, 2022.	\$ -	\$ 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 from the County of Lewis Industrial Development Agency. Interest accrues annually at 1.00%. Repayment began on April 16, 2018.	<u>180,084</u>	<u>192,017</u>
Total	<u>\$ 180,084</u>	<u>\$ 292,017</u>

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

2023	\$ 12,052
2024	12,173
2025	12,295
2026	12,417
2027	12,542
Thereafter	<u>118,605</u>
Total	<u>\$ 180,084</u>

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 with Comparative Totals for 2021

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Organization 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, 2022 and 2021, all of the Organization’s deposits were covered by FDIC insurance.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization 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 Organization operates collecting sufficient revenue to cover general expenditures. The following table reflects the Organization’s financial assets as of December 31, 2022 and 2021, 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.

	2022	2021
Financial Assets:		
Cash	\$ 152,473	\$ 93,097
Accounts Receivable	-	14,097
Other Receivable	31,385	31,385
	<hr/>	<hr/>
Financial Assets, End of Year	183,858	138,579
	<hr/>	<hr/>
Less those Unavailable for General Expenditures Within One Year, due to:		
Other Receivable Used to Pay the Note Payable	31,385	31,385
	<hr/>	<hr/>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 152,473</u>	<u>\$ 107,194</u>

LEWIS COUNTY DEVELOPMENT CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 with Comparative Totals for 2021

NOTE 9 – CASH FLOW INFORMATION

During February 2021, the Organization transferred ownership of equipment purchased on behalf of the Tug Hill Vineyard following the completion of contracted terms. This noncash transfer of assets with a net value of \$14,233 is reported in the Statement of Cash Flows. There were no noncash investing activities during 2022.

There were no noncash financing activities during 2022 and 2021.

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

	2022	2021
Interest	<u>\$ 6,884</u>	<u>\$ 5,039</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

On January 1, 2022, the County of Lewis Industrial Development Agency (CLIDA) and the LCDC entered into a management services agreement whereby the CLIDA provides certain management, administrative, accounting, and economic development services to the Organization. Pursuant to such agreement, the Organization pays the CLIDA a fee, currently \$1,600 per year, for such services. The agreement has a term of one year.

On November 3, 2022, the CLIDA purchased a building and land from the Organization with a reported value of \$79,137, as well as outstanding lease receivable balances owed to the Organization of \$30,767, for the amount of \$200,000.

During the year ended December 31, 2022, the Organization repaid mortgage balances of \$100,000 with interest of \$4,473 to the CLIDA. See Note 6 for additional details.

NOTE 11 – SUBSEQUENT EVENTS

During January 2023, the Organization received a \$1,000,000 grant through an agreement with the County of Lewis, NY. The Organization received \$50,000 for services to be conducted in connection with the development and administration of the Vacant Property Revitalization Program in the amount of \$950,000.



**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, 2022, 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 1, 2023.

Report on 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.

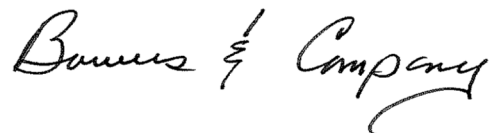
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Watertown, New York
March 1, 2023



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, 2022, 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 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 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 1, 2023, on the consolidated financial statements of Lewis County Development Corporation and Subsidiary.

Non-issuance of IRS Form 1099

We were informed the Organization had not filed IRS forms 1099 for nonexempt vendors in instances where transactions exceeded \$600.

Recommendation

We recommend the Organization adopt procedures to ensure they are in compliance with IRS regulations regarding the annual filing of 1099 tax forms.

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.

Bonus & Company

Watertown, New York
March 1, 2023



BOWERS & COMPANY
CPAs PLLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

March 1, 2023

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, 2022, and we will issue our report thereon dated March 1, 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 letter to you dated January 5, 2023. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Organization 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 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 estimates affecting the financial statements were:

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.

Management's estimate of depreciation expense is based on estimated useful lives of property and equipment. We evaluated the key factors and assumptions used to develop the estimated useful lives of fixed assets in determining that it is reasonable in relation to the 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 1, 2023.

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 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 1, 2023
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Other Audit Findings or Issues

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

This information is intended solely for the use of the Board of Directors 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.

Black Moose Development, LLC

Adjusting Journal Entries JE # 1

To report 2022 depreciation expense

6300-2 Depreciation Expense	13,364	
2000-2 Accumulated Depreciation		<u>13,364</u>
Total	<u>13,364</u>	<u>13,364</u>

Adjusting Journal Entries JE # 2

To adjust allocation of Land Improvements for retained property

1050-2 Land Improvements	117,978	
2000-2 Accumulated Depreciation		27,882
6030-2 (Gain) Loss on Disposal		<u>90,096</u>
Total	<u>117,978</u>	<u>117,978</u>