

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Independent Auditor's Report
Financial Statements
December 31, 2019

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

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NOLAN CERTIFIED PUBLIC ACCOUNTING SERVICES, PLLC
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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Washington County Local Development Corporation
Fort Edward, NY 12828

Report on the Financial Statements

We have audited the accompanying financial statement of Washington County Local Development Corporation (a nonprofit organization), a component unit of Washington County, which comprises the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risk of material misstatement of the 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 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 the management, as well as evaluating the overall presentation of the significant accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington County Local Development Corporation as of December 31, 2019, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 06, 2020 on our consideration of Washington County Local Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Washington County Local Development Corporation's internal control over financial reporting and compliance.

Nolan Certified Public Accounting SVS PLLC

Eagle Bridge, NY
March 06, 2020

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2019

ASSETS	Restricted					Unrestricted	Total
	Income After Closeout	Intermediary Relending Program	RBEG Grant	Empire Zone	CDBG Grant		
Current Assets:							
Cash- Checking	\$ -	\$ 42,019	\$ 22,774	\$ -	\$ -	\$ 1,009,569	\$ 1,074,362
Cash - Time Deposit	-	22,000	-	-	-	412,172	434,172
Accounts Receivable	-	-	-	-	-	624	624
Prepaid Expenses	-	-	-	-	-	4,324	4,324
Current Portion, Loans Receivable	13,628	28,339	-	-	-	370,204	412,171
Current Portion, Lease Payments Receivable	-	-	5,155	-	-	-	5,155
Interest Receivable	762	1,242	-	-	-	12,900	14,904
Total Current Assets	14,390	93,600	27,929	-	-	1,809,793	1,945,712
Other Assets:							
Loans receivable, net of current portion	161,795	233,036	-	-	-	2,541,330	2,936,161
Allowance for Doubtful Accounts	-	(22,000)	-	-	-	(291,153)	(313,153)
Lease Payments Receivable, net of current portion	-	-	8,159	-	-	-	8,159
	161,795	211,036	8,159	-	-	2,250,177	2,631,167
Total Assets	176,185	304,636	36,088	-	-	4,059,970	4,576,879
LIABILITIES AND FUND EQUITY							
Current Liabilities:							
Accounts Payable	-	-	-	-	-	-	-
Current Portion of Loan Payable	-	11,286	-	-	-	-	11,286
Total Current Liabilities	-	11,286	-	-	-	-	11,286
Long-Term Liabilities:							
Long Term Loan Payable, net of current portion	-	93,944	-	-	-	-	93,944
Total Long term Liabilities	-	93,944	-	-	-	-	93,944
Total Liabilities	-	105,230	-	-	-	-	105,230
Fund Equity	176,185	199,406	36,088	-	-	4,059,970	4,471,649
Total Liabilities and Fund Equity	\$ 176,185	\$ 304,636	\$ 36,088	\$ -	\$ -	\$ 4,059,970	\$ 4,576,879

See Independent Auditor's Report and Notes

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Restricted					Unrestricted	Total
	Income After Closeout	Intermediary Relending Program	RBEG Grant	Empire Zone	CDBG Grant		
REVENUES							
Interest on Loans	\$ 7,391	\$ 15,935	\$ -	\$ -	\$ -	\$ 165,572	\$ 188,898
Interest on Time Deposits	-	123	-	-	-	11,426	11,549
Contributions/Grants	-	-	-	-	-	80,000	80,000
Origination & Late Fees	-	899	-	-	-	10,723	11,622
Events	-	-	-	-	-	1,619	1,619
RBEG Grant Reimbursement	-	-	-	-	-	-	-
Net assets released from Unrestricted Income	(21,712)	-	-	(511)	-	22,223	-
Total Revenues	(14,321)	16,957	-	(511)	-	291,563	293,688
EXPENDITURES							
Salaries & Wages	-	-	-	-	-	70,424	70,424
Payroll Taxes	-	-	-	-	-	5,185	5,185
Fringe Benefits	-	-	-	-	-	16,879	16,879
Professional Fees	-	-	-	-	-	17,909	17,909
Interest Expense	-	1,053	-	-	-	-	1,053
Insurance	-	-	-	-	-	3,446	3,446
Office Expense	-	-	-	-	-	1,326	1,326
Marketing and Advertising	-	-	-	-	-	2,445	2,445
Meeting Expense	-	-	-	-	-	405	405
Miscellaneous	-	40	-	-	-	25	65
Grant Expenses	-	-	-	-	-	-	-
Bad Debt Expense (Recovery)	(711)	-	-	-	-	(13,434)	(14,145)
Total Expenditures	(711)	1,093	-	-	-	104,610	104,992
Excess (Deficit) of Revenue Over Expenditures	(13,610)	15,864	-	(511)	-	186,953	188,696
Fund Equity - Beginning of Year	\$ 189,795	\$ 183,542	\$ 36,088	\$ 511	\$ -	\$ 3,873,017	\$ 4,282,953
Fund Equity - End of Year	\$ 176,185	\$ 199,406	\$ 36,088	\$ -	\$ -	\$ 4,059,970	\$ 4,471,649

See Independent Auditor's Report and Notes

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
Statement of Cash Flows
Year Ended December 31, 2019

Cash Flows From Operating Activities:	
Excess of Revenues Over Expenditures	\$ 188,696
Adjustments to Reconcile Excess of Revenues Over Expenditures to	
Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in:	
Accounts Receivable	974
Loans Receivable	167,700
Lease Payments Receivable	4,727
Interest Receivable	(2,660)
Prepaid Expenses	(2,659)
Increase (Decrease) in:	
Accounts Payable	(150,323)
Allowance for Doubtful Accounts	14,145
Intermediary Relending Program Loan Payable	<u>(11,286)</u>
 Net Cash Provided (Used) by Operating Activities	 209,314
 Cash and Cash Equivalents at Beginning of Year	 <u>1,326,088</u>
 Cash and Cash Equivalents at End of Year	 <u><u>1,535,402</u></u>
 Supplemental Disclosures of Cash Flow Information:	
 Cash Paid During the Year for:	
Interest	<u><u>\$ 1,053</u></u>

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

Summary of Significant Accounting Policies

The summary of significant accounting policies of Washington County Local Development Corporation is presented to assist in understanding the Washington County Local Development Corporation's financial statements. The financial statements and notes are representations of Washington County Local Development Corporation's management, which is responsible for their integrity and objectivity. These accounting policies are in accordance with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization

Washington County Local Development 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. This is accomplished through loans to qualifying employers. In 1986, Washington County contracted with the Local Development 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 Local Development Corporation for no consideration. The Local Development Corporation is a component unit of Washington County and is included as such in the County's general-purpose financial statements.

Revenue Recognition

The Washington County Local Development Corporation's primary source of revenue is from principal and interest repayments received on loans issued by the Local Development Corporation through the Washington County Community Development & Economic Loan Funds and the Intermediary Relending Program.

Accounting Method

The Washington County Local Development Corporation accounts for all transactions on the accrual method of accounting.

Allowance for Doubtful Accounts

Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding loans receivable at the end of each year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Washington County Local Development Corporation is an exempt organization under Sec. (501)(c)(4) of the Internal Revenue Code. As of December 31, 2019, the tax years that remain subject to examination by taxing authorities begin with 2015.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Washington County Local Development Corporation considers all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially expose the organization to concentration of credit risk consist primarily of loans receivable. Management considers the loans net of allowances to be fully collectible.

Washington County Local Development Corporation had funds on deposit at local banks totaling \$1,508,534 at December 31, 2019. These deposits are fully insured by Federal Deposit Insurance Corporation, pledged collateral and a letter of credit.

Loans Receivable

Loans receivable consisted of the following at December 31, 2019:

	<u>Restricted Income After Closeout:</u>	<u>CDLF/EDLF MAP LOANS</u>	<u>IRP LOANS</u>
1)	Loaned \$350,000 on June 30, 2003 due in monthly payments of \$3,178 through January 22, 2016, including interest at 4% per annum. On February 23, 2015 the loan was modified with monthly payments of \$1,750 extended through February 23, 2025 with the entire principle balance due February 23, 2025.	175,424	
2)	Loaned \$390,000 on October 31, 2006 interest only payments beginning on November 30, 2006, at 5.19% per annum. Principal payments due in monthly payments of \$3,208 beginning on May 31, 2007 through October 31, 2021, including interest		

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

	at 5.19% per annum.	67,427
3)	Loaned \$150,000 on December 15, 2006 due in monthly payments of \$1,207 through December 1, 2021, including interest at 5.19% per annum.	21,963
4)	Loaned \$210,000 on November 3, 2009 due in monthly payments of \$1,559 through November 3, 2024, including interest at 4% per annum.	83,388
5)	Loaned \$150,000 on November 19, 2009 due in monthly payments of \$1,114 through October 19, 2024, including interest at 4% per annum. On December 19, 2016 the loan was modified extending monthly payments of \$1,713 through December 19, 2021	39,992
6)	Loaned \$140,000 on October 27, 2011 due in monthly payments of \$1,150 through October 27, 2018, including interest at 5.5% per annum. On October 27, 2018 the loan was modified extending monthly payments of \$1,059 through October 27, 2027 including interest at 5.5% per annum.	80,365
7)	Loaned \$100,000 on October 26, 2012 due in monthly payments of \$1,441 through February 26, 2020, including interest at 5.5% per annum.	4,292
8)	Loaned \$10,000 on August 23, 2013 due in monthly payments of \$194 through December 23, 2018, including interest at 6% per annum. Loan was modified on March 10, 2015 to 0% interest and \$50 a month payments.	7,865
9)	Loaned \$150,000 on March 18, 2013 due in monthly payments of \$2,198 through June 18, 2020, including interest at 6% per annum.	12,968
10)	Loaned \$45,000 on July 3, 2014, due in monthly payments of \$477 through July 3, 2025,	

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

	including interest at 5% per annum.	15,412	
11)	Loaned \$50,000 on February 21, 2014 due in monthly payments of \$719 through August 21, 2021, including interest at 5.5% per annum.	13,783	
12)	Loaned \$75,000 on March 27, 2014 due in monthly payments of \$1,078 through September 27, 2021, including interest at 5.5% per annum.	21,702	
13)	Loaned \$150,000 on February 11, 2015 due in monthly payments of \$2,191 through August 11, 2022, including interest at 6% per annum.	59,997	
14)	Loaned \$80,000 on June 30, 2015 due in monthly payments of \$675 through October 30, 2030, including interest at 6% per annum.	64,723	
15)	Loaned \$235,000 on September 16, 2015 due in monthly payments of \$2,609 through March 16, 2026, including interest at 6% per annum. On December 27, 2017 the loan was modified, due in monthly payments of \$1,572, including interest, through July 27, 2038 at 6% per annum.	211,340	
16)	Loaned \$125,000 on September 25, 2015 due in monthly payments of \$1,388 through January 25, 2026, including interest at 6% per annum.	97,872	
17)	Loaned \$100,000 on December 3, 2009 due in monthly payments of \$742 through December 3, 2025, including interest at 5% per annum.		50,161
18)	Loaned \$40,000 on November 27, 2012 due in monthly payments of \$329 through November 27, 2027, including interest at 5.5% per annum.		25,129
19)	Loaned \$55,000 on February 16, 2016 due in monthly payments of \$1063 through August 16, 2021 including interest at 6% per annum.	18,688	

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

20)	Loaned \$65,000 on March 16, 2016 due in monthly payments of \$466 through July 16, 2036 including interest at 6% per annum.	58,699
21)	Loaned \$110,000 on April 06, 2016 due in monthly payments of \$1607 through August 06, 2023 including interest at 6% per annum. On June 05, 2019 this note was modified to payments of \$1,610 through August 05, 2023 including interest at 6% per annum.	63,839
22)	Loaned \$150,000 on May 12, 2016 due in monthly payments of \$1,665 through November 12, 2026 including interest at 6% per annum.	110,124
23)	Loaned \$77,000 on June 29, 2016 due in monthly payments of \$855 through October 29, 2026 including interest at 6% per annum.	57,565
24)	Loaned \$50,000 on October 12, 2016 due in monthly payments of \$555 through March 12, 2027 including interest at 6% per annum.	39,064
25)	Loaned \$150,000 on June 30, 2016 due in monthly payments of \$1,665 through October 30, 2026 including interest at 6% per annum.	118,720
26)	Loaned \$75,000 on April 14, 2017 due in monthly payments of \$1,450 through April 14, 2021 including interest at 6% per annum.	44,867
27)	Loaned \$124,625 on April 18, 2017 due in monthly payments of \$1,821 through April 14, 2024 including interest at 6% per annum.	90,330
28)	Loaned \$80,000 on April 18, 2017 due in monthly payments of \$1,169 through October 18, 2024 including interest at 6% per annum.	59,770
29)	Loaned \$101,400 on July 06, 2017 due in monthly	

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

	payments of \$856 through October 06, 2032 including interest at 6% per annum.	91,938	
30)	Loaned \$145,000 on August 28, 2017 due in monthly payments of \$1,224 through December 28, 2032 including interest at 6% per annum.	133,131	
31)	Loaned \$250,000 on October 25, 2017 due in monthly payments of \$1,791 through March 25,2038 including interest at 6% per annum.	238,481	
32)	Loaned \$20,000 on March 09, 2018 due in monthly payments of \$387 through March 9, 2023 including interest at 6% per annum.	14,017	
33)	Loaned \$100,000 on April 12, 2018 due in monthly payments of \$1,110 through October 12, 2028 including interest at 6% per annum.	91,273	
34)	Loaned \$55,000 on April 26, 2018 due in monthly payments of \$912 through April 26, 2024 including interest at 6% per annum.	41,726	
35)	Loaned \$74,000 on April 26, 2018 due in monthly payments of \$822 through October 26,2028 including interest at 6% per annum.		67,365
36)	Loaned \$110,000 on April 26, 2018 due in monthly payments of \$1,607 through August 26, 2025 including interest at 6% per annum. On June 5, 2019 this note was modified to payments of \$1,661 through August 05, 2025 with interesdt at 6% per annum.	96,928	
37)	Loaned \$150,000 on May 03, 2018 due in monthly payments of \$1,266 through May 03, 2033 including interest at 6% per annum.	139,999	
38)	Loaned \$40,700 on June 14, 2018 due in monthly payments of \$787 through June 14, 2023 including interest at 6% per annum.	-	

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

39)	Loaned \$150,000 on July 09, 2018 due in monthly payments of \$1266 through July 09, 2033 including interest at 6% per annum.	141,572	
40)	Loaned \$150,000 on October 31, 2018 due in monthly payments of \$1266 through April 30, 2033 including interest at 6% per annum.	145,897	
41)	Loaned \$54,250 on November 14, 2018 due in monthly payments of \$458 through November 15, 2033 including interest at 6% per annum.	51,796	
42)	Loaned \$60,000 on January 16, 2019 due in monthly payments of \$1,160 through February 16, 2024 including interest at 6% per annum.	49,897	
43)	Loaned \$55,000 on April 02, 2019 due in monthly payments of \$611 through October 02, 2029 including interest at 6% per annum.	54,336	
44)	Loaned \$150,000 on April 18, 2019 due in monthly payments of \$1,266 through October 18, 2034 including interest at 6% per annum.	149,509	
45)	Loaned \$125,000 on October 03, 2019 due in monthly payments of \$1,055 through February 03, 2034 including interest at 6% per annum.	125,000	
	Total	\$ 3,086,957	\$ 261,375
	Less: Current Portion	383,832	28,339
	Total Long Term	\$ 2,703,125	\$2 33,036

Allowance for Doubtful Accounts

The allowance for doubtful accounts established in the Intermediary Relending Program (IRP) in the amount of \$22,000 is in accordance with a requirement by the U.S. Department of Agriculture. There are no delinquent IRP loans as of December 31, 2019.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

The allowance for doubtful accounts of \$291,153 unrestricted loans represents 10% of the outstanding loan balances. Based on historical data, the Corporation estimates that 10% of the unrestricted loan balances will be uncollectable.

Lease Payments Receivable

As part of the Rural Business Enterprise Grant Agreement, the Washington County Local Development Corporation will lease the equipment to a local business. The total amount of the lease payment will be equal to 40% of the purchase price of the equipment, \$38,088. The business will make monthly lease payments of \$430 through June 1, 2022 the expected life of the equipment. The title to the equipment is to be held in the name of Washington County Local Development Corporation during the lease period. At the end of the lease period the equipment is to be conveyed to the business for the sum of \$1. The balance due as of December 31, 2019 was \$13,314.

Lease payments receivable consisted of the following at December 31, 2019

2020	\$	5,155
2021		5,155
2022		<u>3,004</u>
Total	\$	13,314

Upon receipt of the lease proceeds, Washington County Local Development Corporation is required to use the funds to provide term loans that support local farmer/agricultural related business. The appropriate use of loan proceeds include:

- Purchase and/or improve machinery, equipment, or other business assets to be used in connection with the Borrower's business.
- Working capital.
- Purchase an existing, operating entity.

Loan Payable Intermediary Relending Program

Washington County Local Development 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 Washington County Local Development Corporation must match a portion of the loan. The Washington County Local Development Corporation's matching requirement was \$75,000 making the program funds total \$375,000. As of December 31, 2019, the Washington County Local Development Corporation has drawn down \$450,000 and has made nine loans.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

An installment contract to the U.S. Department of Agriculture payable in annual installments of \$12,339, including interest at 1% through November 2028.	\$	105,230
Less: current portion		<u>(11,286)</u>
Long-term loan payable, net of current portion	\$	93,944

Maturities of long-term loan payable are as follows:

Years ending December 31,		
2020		11,171
2021		11,283
2022		11,301
2023		11,324
Thereafter		<u>60,151</u>
Total	\$	105,230

CDBG Funds

In 2016, the Corporation was the sub-recipient of a \$337,000 Community Block Development Grant. The funds were used to provide a \$325,000 loan to a local business. Of the \$325,000 loaned, \$162,500 is due back to the Organization, and the remaining \$162,500 is to be forgiven if the recipient fulfills job creation stipulations as noted in the loan agreement. Upon completion of the restriction, the note will be deemed forgiven. In 2018, the note of 162,500 was repaid in full and the remaining \$162,500 was forgiven based on satisfaction of job creation requirements.

The Corporation has adopted a CDBG Program Income Reuse Plan that establishes guidelines on the policies and procedures for the administration and utilization of program income received as a result of activities funded with the CDBG monies. All funds will be transferred in the Corporation's CDBG revolving loan fund. These funds will be used to fund additional loans that meet the CDBG criteria, mainly job creation among other additional criteria.

In 2018, the Corporation was notified of the cessation of the CDBG program and the requirement to return any amount of the revolving loan fund, including all principle, interest, late fees, and interest earnings on the account back to the grantor. As of December 31, 2018, the balance of the revolving loan fund was \$150,323. The amount is reflected as an expense and payable as of December 31, 2018. The Corporation transferred the remaining funds back to the grantor on January 03, 2019.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019

Related Party

The LDC by-laws were amended in 1996 to allow for non-supervisors to be Directors of the Corporation. Each town (17) is represented by the chief elected official or his/her designee. Currently, there five non-supervisors on the Board. The Washington County Local Development Corporation is provided office space, administrative and secretarial services, office equipment, and supplies by Washington County without charge.

Subsequent Events

The Corporation has evaluated all events through March 06, 2020 the date which these financial statements were available to be issued and determined that there are no subsequent events which require disclosure.

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION
Notes to Financial Statements
December 31, 2019

Restricted and Unrestricted Assets

Receipts, disbursements, and cash balances related to Federal funds which are subject to certain Restrictions and unrestricted funds not subject to Federal restrictions are comprised of the following:

	Restricted					Unrestricted	Total
	Income After Closeout	Intermediary Relending Program	RBEG Grant	Empire Zone	CDBG Grant		
Cash balances 12/31/2017	\$ -	\$ 40,096	\$ 18,047	\$ 511	\$ 150,323	\$ 1,117,111	\$ 1,326,087
Interest on deposits	-	122	-	-	-	11,426	11,548
Principal, Interest, and late charge payments	21,712	35,280	-	-	-	687,194	744,186
Origination Fees	-	899	-	-	-	10,723	11,622
Events	-	-	-	-	-	1,619	1,619
Grants/Contributions	-	-	-	-	-	80,000	80,000
Lease Payments	-	-	4,727	-	-	-	4,727
Total Receipts	21,712	36,301	4,727	-	-	790,962	853,702
New Loans	21,712	-	-	-	-	368,288	390,000
Payroll & related Expenses	-	-	-	-	-	92,488	92,488
Professional Fees	-	-	-	-	-	17,909	17,909
Insurances	-	-	-	-	-	3,446	3,446
Principal & Interest	-	12,339	-	-	-	-	12,339
Marketing	-	-	-	-	-	2,445	2,445
Office Meeting Expenses	-	-	-	-	-	1,326	1,326
	-	-	-	-	-	405	405
Grant Expenses	-	-	-	-	150,323	-	150,323
Misc Exp	-	40	-	-	-	25	65
Total Disbursements	21,712	12,379	-	-	150,323	486,332	670,746
Cash Balances 12/31/19	\$ -	\$ 64,019	\$ 22,774	\$ 511	\$ -	\$ 1,421,741	\$ 1,509,044
Cash, Checking	\$ -	\$ 42,019	\$ 22,774	\$ 511	\$ 150,323	\$ 1,009,569	\$ 1,225,197
Cash, Savings	\$ -	\$ 22,000	\$ -	\$ -	\$ -	\$ 412,172	\$ 434,172

NOLAN CERTIFIED PUBLIC ACCOUNTING SERVICES, PLLC

TARA M. NOLAN, CPA

243 County Route 68
Eagle Bridge, NY 12057

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

To The Board of Directors
Washington County Local
Development Corporation
Fort Edward, NY 12828

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, a component unit of Washington County, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 06, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington County Local Development Corporation's internal control over financial reporting (internal control) to determine the 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 Washington County Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington County Local Development Corporation's internal control.

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

Our consideration of 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 Washington County Local Development 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 determination of financial statement amounts. 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 instance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nolan Certified Public Accounting SVS PLLC

Eagle Bridge, NY

March 06, 2020