

WASHINGTON COUNTY LOCAL  
DEVELOPMENT CORPORATION

Independent Auditor's Report  
Financial Statements  
December 31, 2020

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

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NOLAN CERTIFIED PUBLIC ACCOUNTING SERVICES, PLLC  
TARA M. NOLAN, CPA  
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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, 2020, 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, 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2021 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 Services, PLLC*

Eagle Bridge, NY  
March 15, 2021

**WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED DECEMBER 31, 2020**

<b>ASSETS</b>	Restricted			Unrestricted	Total
	Income After Closeout	Intermediary Relending Program	RBEG Grant		
Current Assets:					
Cash- Checking	\$ -	\$ 73,260	\$ 27,071	\$ 1,389,406	\$ 1,489,736
Cash - Time Deposit	-	22,000	-	413,848	435,848
Accounts Receivable	-	-	-	653	653
Prepaid Expenses	-	-	-	1,492	1,492
Current Portion, Loans Receivable	14,484	23,680	-	349,038	387,202
Current Portion, Lease Payments Receivable	-	-	5,155	-	5,155
Interest Receivable	-	-	-	24,714	24,714
Total Current Assets	14,484	118,940	32,226	2,179,152	2,344,801
Other Assets:					
Loans receivable, net of current portion	145,277	209,596	-	2,294,533	2,649,406
Allowance for Doubtful Accounts	-	(22,000)	-	(291,153)	(313,153)
Lease Payments Receivable, net of current portion	-	-	3,862	-	3,862
	145,277	187,596	3,862	2,003,380	2,340,116
Total Assets	159,761	306,536	36,088	4,182,532	4,684,917
<b>LIABILITIES AND FUND EQUITY</b>					
Current Liabilities:					
Accounts Payable	-	-	-	-	-
Prepaid Interest	1,438	906	-	-	2,344
Current Portion of Loan Payable	-	11,283	-	-	11,283
Total Current Liabilities	1,438	12,189	-	-	13,627
Long-Term Liabilities:					
Long Term Loan Payable, net of current portion	-	82,796	-	-	82,796
Total Long term Liabilities	-	82,796	-	-	82,796
Total Liabilities	1,438	94,985	-	-	96,423
Fund Equity	158,323	211,551	36,088	4,182,532	4,588,494
Total Liabilities and Fund Equity	\$ 159,761	\$ 306,536	\$ 36,088	\$ 4,182,532	\$ 4,684,917

See Independent Auditor's Report and Notes

**WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

<b>REVENUES</b>	Restricted			Unrestricted	Total
	Income After Closeout	Intermediary Relending Program	RBEG Grant		
Interest on Loans	\$ 5,138	\$ 13,233	\$ -	\$ 128,572	\$ 146,943
Interest on Time Deposits	-	100	-	3,341	3,441
Contributions/Grants	-	-	-	80,000	80,000
Origination & Late Fees	-	-	-	12,220	12,220
Events	-	-	-	1,451	1,451
RBEG Grant Reimbursement	-	-	-	-	-
Net assets released from Unrestricted Income	(23,000)	-	-	23,000	-
Total Revenues	(17,862)	13,333	-	248,584	244,055
<b>EXPENDITURES</b>					
Salaries & Wages	-	-	-	75,103	75,103
Payroll Taxes	-	-	-	5,296	5,296
Fringe Benefits	-	-	-	15,812	15,812
Professional Fees	-	-	-	20,035	20,035
Interest Expense	-	1,188	-	-	1,188
Insurance	-	-	-	3,461	3,461
Office Expense	-	-	-	1,808	1,808
Marketing and Advertising	-	-	-	4,420	4,420
Meeting Expense	-	-	-	-	-
Miscellaneous	-	-	-	87	87
Grant Expenses	-	-	-	-	-
Bad Debt Expense (Recovery)	-	-	-	-	-
Total Expenditures	-	1,188	-	126,022	127,210
Excess (Deficit) of Revenue Over Expenditures	(17,862)	12,145	-	122,563	116,845
Fund Equity - Beginning of Year	\$ 176,185	\$ 199,406	\$ 36,088	\$ 4,059,970	4,471,649
Fund Euity - End of Year	\$ 158,323	\$ 211,551	\$ 36,088	\$ 4,182,533	\$ 4,588,494

See Independent Auditor's Report and Notes

**WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION**  
**Statement of Cash Flows**  
**Year Ended December 31, 2020**

Cash Flows From Operating Activities:	
Excess of Revenues Over Expenditures	\$ 116,845
Adjustments to Reconcile Excess of Revenues Over Expenditures to	
Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in:	
Accounts Receivable	(29)
Loans Receivable	311,724
Lease Payments Receivable	4,297
Interest Receivable	(9,810)
Prepaid Expenses	2,831
Increase (Decrease) in:	
Prepaid Interest	2,344
Accounts Payable	-
Allowance for Doubtful Accounts	-
Intermediary Relending Program Loan Payable	<u>(11,151)</u>
 Net Cash Provided (Used) by Operating Activities	 417,050
 Cash and Cash Equivalents at Beginning of Year	 <u>1,508,534</u>
 Cash and Cash Equivalents at End of Year	 <u><u>1,925,584</u></u>
 Supplemental Disclosures of Cash Flow Information:	
 Cash Paid During the Year for:	
Interest	<u><u>\$ 1,188</u></u>

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2020

**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, 2020

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, 2020, the tax years that remain subject to examination by taxing authorities begin with 2016.

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 \$1,925,584 at December 31, 2020. 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, 2020:

	CDLF/EDLF	IRP
<u>Restricted Income After Closeout:</u>	MAP LOANS	LOANS
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.	159,761	

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Notes to Financial Statements

December 31, 2020

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 at 5.19% per annum.	41,000
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.	10,651
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.	70,427
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	25,723
6)	Loaned \$140,000 on October 27, 2011 due in monthly payments of \$1,059 through October 27, 2018, including interest at 5.5% per annum. On October 27, 2018 the loan was modified extending monthly payments of \$1,058.88 through October 27, 2027 including interest at 5.5% per annum.	73,364
7)	Loaned \$10,000 on August 23, 2013 due in monthly payments of \$194 through December 23, 2018, including interest at 6% per annum. Currently Receiving \$0 per month.	7,865
8)	Loaned \$45,000 on July 3, 2014, due in monthly payments of \$477 through July 3, 2025, including interest at 5% per annum.	9,128
9)	Loaned \$50,000 on February 21, 2014 due in monthly payments of \$719 through August 21, 2021, including interest at 5.5% per annum.	11,806

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2020

10)	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.	9,644
11)	Loaned \$150,000 on February 11, 2015 due in monthly payments of \$2,191 through August 11, 2022, including interest at 6% per annum.	31,959
12)	Loaned \$80,000 on June 30, 2015 due in monthly payments of \$675 through October 30, 2030, including interest at 6% per annum.	61,835
13)	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.	210,376
14)	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
15)	Loaned \$100,000 on December 3, 2009 due in monthly payments of \$743 through December 3, 2025, including interest at 5% per annum.	44,752
16)	Loaned \$40,000 on November 27, 2012 due in monthly payments of \$329 through November 27, 2027, including interest at 5.5% per annum.	22,174
17)	Loaned \$65,000 on March 16, 2016 due in monthly payments of \$466 through July 16, 2036 including interest at 6% per annum.	57,415
18)	Loaned \$150,000 on May 12, 2016 due in monthly payments of \$1,665 through November 12, 2026 including interest at 6% per annum.	101,628
19)	Loaned \$77,000 on June 29, 2016 due in monthly	

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2020

	payments of \$855 through October 29, 2026 including interest at 6% per annum.	55,035	
20)	Loaned \$50,000 on October 12, 2016 due in monthly payments of \$555 through March 12, 2027 including interest at 6% per annum.	35,798	
21)	Loaned \$150,000 on June 30, 2016 due in monthly payments of \$1,665 through October 30, 2026 including interest at 6% per annum. On April 30, 2020 the loan was modified to payments of \$1,231 through April 30, 2031.		104,919
22)	Loaned \$75,000 on April 14, 2017 due in monthly payments of \$1,450 through April 14, 2021 including interest at 6% per annum.	29,570	
23)	Loaned \$124,625 on April 18, 2017 due in monthly payments of \$1,821 through April 14, 2024 including interest at 6% per annum.	72,638	
24)	Loaned \$80,000 on April 18, 2017 due in monthly payments of \$1,169 through October 18, 2024 including interest at 6% per annum.	57,171	
25)	Loaned \$101,400 on July 06, 2017 due in monthly payments of \$856 through October 06, 2032 including interest at 6% per annum.	88,829	
26)	Loaned \$145,000 on August 28, 2017 due in monthly payments of \$1,224 through December 28, 2032 including interest at 6% per annum.	130,513	
27)	Loaned \$250,000 on October 25, 2017 due in monthly payments of \$1,791 through March 25, 2038 including interest at 6% per annum.	236,185	
28)	Loaned \$20,000 on March 09, 2018 due in monthly payments of \$387 through March 9, 2023 including interest at 6% per annum.	12,565	

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December 31, 2020

29)	Loaned \$100,000 on April 12, 2018 due in monthly payments of \$1,110 through October 12, 2028 including interest at 6% per annum.	87,128	
30)	Loaned \$55,000 on April 26, 2018 due in monthly payments of \$912 through April 26, 2024 including interest at 6% per annum.	40,331	
31)	Loaned \$74,000 on April 26, 2018 due in monthly payments of \$822 through October 26, 2028 including interest at 6% per annum.		61,431
32)	Loaned \$150,000 on May 03, 2018 due in monthly payments of \$1,266 through May 03, 2033 including interest at 6% per annum.	138,517	
33)	Loaned \$150,000 on July 09, 2018 due in monthly payments of \$1266 through July 09, 2033 including interest at 6% per annum.	139,076	
34)	Loaned \$150,000 on October 31, 2018 due in monthly payments of \$1266 through April 30, 2033 including interest at 6% per annum.	141,803	
35)	Loaned \$54,250 on November 14, 2018 due in monthly payments of \$458 through November 15, 2033 including interest at 6% per annum.	50,266	
36)	Loaned \$60,000 on January 16, 2019 due in monthly payments of \$1,160 through February 16, 2024 including interest at 6% per annum.	41,436	
37)	Loaned \$55,000 on April 02, 2019 due in monthly payments of \$611 through October 02, 2029 including interest at 6% per annum.	51,531	
38)	Loaned \$150,000 on April 18, 2019 due in monthly payments of \$1,266 through October 18, 2034 including interest at 6% per annum.	148,496	
39)	Loaned \$125,000 on October 03, 2019 due in monthly		

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2020

	payments of \$1,055 through February 03, 2034 including interest at 6% per annum.	123,481	
40)	Loaned \$150,000 on January 03, 2020 due in monthly payments of \$2,900 through February 03, 2035 including interest at 6% per annum.	132,509	
41)	Loaned \$10,000 on December 02, 2020 due in monthly payments of \$189 through April 02, 2026 including interest at 5% per annum.	10,000	
	Total	\$ 2,803,332	\$ 233,276
	Less: Current Portion	363,522	23,680
	Total Long Term	\$ 2,439,810	\$ 209,596

**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, 2020.

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, 2020 was \$13,314.

Lease payments receivable consisted of the following at December 31, 2020:

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2020

2021	\$	5,155
2022		<u>3,862</u>
Total	\$	9,017

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, 2020, the Washington County Local Development Corporation has drawn down \$450,000 and has made nine loans.

An installment contract to the U.S. Department of Agriculture payable in annual installments of \$12,339, including interest at 1% through November 2028.

\$ 94,079

Less: current portion

(11,283)

Long-term loan payable, net of current portion

\$ 82,796

Maturities of long-term loan payable are as follows:

Years ending  
December 31,

2021	11,283
2022	11,301
2023	11,324
2024	11,349
Thereafter	<u>48,822</u>
Total	\$ 94,079

WASHINGTON COUNTY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2020

**Risks and Uncertainties**

As a result of the spread of the COVID-19 virus that started in March of 2020, economic uncertainties continue to negatively impact current and future operating results. The extent of the impact of COVID-19 on the Corporation's operation and financial performance will depend on certain developments, including the duration and spread of the outbreak which are uncertain and cannot be predicted at this time. To mitigate the uncertainty surrounding the COVID-19 pandemic, the Corporation has worked closely with borrower and become a resource for information regarding funding sources and programs.

**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 are 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 15, 2021 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, 2020

**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:

	<u>Restricted</u>			<u>Unrestricted</u>	<u>Total</u>
	Income After Closeout	Intermediary Relending Program	RBEG Grant		
Cash balances					
12/31/2019	\$ -	\$ 64,019	\$ 22,774	\$ 1,414,992	\$ 1,501,785
					-
					-
Interest on deposits	-	100	-	3,341	3,441
Principal, Interest, and late charge payments	15,663	43,380	-	577,372	636,415
Origination Fees	-	100	-	12,220	12,320
Events	-	-	-	1,451	1,451
Grants/Contributions	-	-	-	80,000	80,000
Lease Payments	-	-	4,297		4,297
<b>Total Receipts</b>	<b>15,663</b>	<b>43,580</b>	<b>4,297</b>	<b>674,384</b>	<b>737,924</b>
	-				
New Loans	15,663	-	-	160,000	175,663
Payroll & related Expenses	-	-	-	96,211	96,211
Professional Fees	-	-	-	20,035	20,035
Insurances	-	-	-	3,461	3,461
Principal & Interest	-	12,339	-	-	12,339
Marketing	-	-	-	4,420	4,420
Office	-	-	-	1,808	1,808
Meeting Expenses	-	-	-	-	-
Grant Expenses	-	-	-	-	-
Misc Exp	-	-	-	87	87
<b>Total Disbursements</b>	<b>15,663</b>	<b>12,339</b>	<b>-</b>	<b>286,022</b>	<b>314,024</b>
					-
Cash Balances					
12/31/20	\$ (0)	\$ 95,260	\$ 27,071	\$ 1,803,354	\$ 1,925,685
Cash, Checking	\$ -	\$ 73,260	\$ 27,071	\$ 1,389,406	\$ 1,489,736
Cash, Savings	\$ -	\$ 22,000	\$ -	\$ 413,848	\$ 435,848

# 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 Count 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, 2020, 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 15, 2021.

### **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 Services*

Eagle Bridge, NY

March 15, 2021



# WASHINGTON COUNTY

## Local Development Corporation

March 15, 2021

Nolan Certified Public Accounting Services, PLLC  
243 County Route 68  
Eagle Bridge, NY 12057

This representation letter is provided in connection with your audit of the financial statements of Washington County Local Development Corporation, which comprise the statements of financial position as of December 31, 2020, and the related statements of activities and cash flows for the period then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of a March 15, 2021, the following representations made to you during your audit.

### Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 15, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

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

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The Washington County LDC is an Equal Opportunity Lender, Provider and Employer  
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S.W. Washington DC 20250-9410 or Call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

**Information Provided**

- 12) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
- 20) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) Washington County Local Development Corporation is an exempt organization under Section 501c4 of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature: \_\_\_\_\_



Title: \_\_\_\_\_

VICE CHAIR

## Washington County Local Development Corp Adjusting Journal Entries

January through December 2020

Date	Num	Name	Memo	Account	Debit	Credit
12/31/2020	TN 20-1			198.14 · Unrestricted Interest Rec	11,813.80	
				0600 · Loan Interest Income		11,813.80
			prepaid for 2021	198.12 · IRP Interest Rec		2,147.86
			prepaid for 2021	601 · Loan Interest - IRP	2,147.86	
			prepaid for 2021	198.13 · IAC Interest Rec		2,199.55
			prepaid for 2021	603 · Loan Interest - IAC	2,199.55	
					<u>16,161.21</u>	<u>16,161.21</u>
12/31/2020	TN 20-2			350 · BDO Pizza, Inc. - CD	5,349.03	
			reversal of GFN error correct on 02/12/2021	061 · GFNB - Loan Servicing		5,349.03
					5,349.03	5,349.03
01/01/2020	Tn 19-3R		Reverse of GJE Tn 19-3 --	853 · Payroll - LDC	1,865.83	
			1/2/20 payroll deducted on 12/31/19	855.3 · Payroll Taxes	880.12	
			1/2/20 payroll deducted on 12/31/19	196 · Prepaid expense		2,745.95
					<u>2,745.95</u>	<u>2,745.95</u>
01/01/2020	Tn 19-5R		Reverse of GJE Tn 19-5 --	855.1 · Health/Dental Payments	1,577.66	
			Jan 2020 Health insurance paid in December 2019	196 · Prepaid expense		1,577.66
					1,577.66	1,577.66
12/31/2020	TN 20-3		to adjust payroll for 2020	853 · Payroll - LDC	23,527.72	
			to adjust payroll for 2020	855.1 · Health/Dental Payments		5,419.93
			to adjust payroll for 2020	855.3 · Payroll Taxes		18,107.79
					<u>23,527.72</u>	<u>23,527.72</u>
12/31/2020	TN 20-4		Jan 2021 Health insurance	855.1 · Health/Dental Payments		1,492.46
			Jan 2021 Health insurance	196 · Prepaid expense	1,492.46	
					1,492.46	1,492.46
12/31/2020	TN 20-5			373 · Paws for Obedience - CD		149,000.00
			loan did not close unttil January 2021	061 · GFNB - Loan Servicing	149,000.00	
					<u>149,000.00</u>	<u>149,000.00</u>
					<u><b>199,854.03</b></u>	<u><b>199,854.03</b></u>

**TOTAL**