TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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Officers:
Santo D. Caracciolo, CPA, CVA
Richard A. Lynch, CPA
John R. May, CPA*
Kyle J. Miesfeldt, CPA
Alan D. Piaker, CPA
Janeen F. Schrann, CPA*
Thomas F. Shanahan, CPA*
*Also Licensed in Pennsylvania

Principal:
Allison E. Gunther, CPA

Piaker & Lyons
CERTIFIED PUBLIC ACCOUNTANTS
Established 1955
www.pnlcpa.com

Philip M. Piaker, CPA
(1921-2003)
Abraham L. Piaker, CPA
(1925-2005)

Retired:
Allan R. Lyons, CPA
Kenneth L. Coleman, CPA
James J. Lewis, CPA
Angelo J. Gallo, CPA

Of Counsel:
Roy E. Fuller, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Town of Union Local Development Corporation
Endwell, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **TOWN OF UNION LOCAL DEVELOPMENT CORPORATION** (a nonprofit organization), a component unit of the Town of Union, which comprise of the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Town of Union Local Development Corporation as of December 31, 2021, and its activities and 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 Town of Union Local Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Union Local Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

The Board of Directors
Town of Union Local Development Corporation

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 Town of Union Local Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Union Local Development Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of loans receivable on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Piaker & Lyons

The Board of Directors
Town of Union Local Development Corporation

Report on Summarized Comparative Information

We have previously audited the Town of Union Local Development Corporation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited 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 a report dated March 23, 2022 on our consideration of Town of Union Local Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town of Union Local Development Corporation's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Town of Union Local Development Corporation's internal control over financial reporting and compliance.

Piaker & Lyons PC

PIAKER & LYONS, P.C.

Binghamton, New York
March 23, 2022

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
Current Assets		
Cash and Cash Equivalents	$ 1,056,924	$ 929,282
Loans Receivable - Current Portion	170,960	158,539
Accounts Receivable	3,194	4,960
Grant Receivable	10,000	300,000
Prepaid Expense	3,032	2,626
Total Current Assets	1,244,110	1,395,407
Other Assets		
Loans Receivable - Non-Current Portion	770,456	1,139,946
TOTAL ASSETS	$ 2,014,566	$ 2,535,353
Current Liabilities		
Accounts Payable	$ 2,834	$ 3,634
Accrued Liabilities	360	1,326
Compensated Absences - Current Portion	4,788	6,973
Total Current Liabilities	7,982	11,933
Long - Term Liabilities		
Compensated Absences, Net of Current Portion	33,973	29,869
Total Liabilities	41,955	41,802
Net Assets		
Without Restrictions	2,469	2,469
With Restrictions	1,970,142	2,491,082
Total Net Assets	1,972,611	2,493,551
TOTAL LIABILITIES AND NET ASSETS	$ 2,014,566	$ 2,535,353

See the accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Restrictions	With Restrictions	Total 2021	2020
Operating Revenues				
Federal Aid - CDBG	$ -	$ 50,867	$ **50,867**	$ 116,042
Loan Interest	-	30,640	**30,640**	20,135
Miscellaneous Income	-	-	**-**	150
Contributed Revenue - Town of Union	-	70,565	**70,565**	4,386
Total Operating Revenues	-	152,072	**152,072**	140,713
Operating Expenses				
Grant Expense	-	550,000	**550,000**	-
Salaries	-	86,720	**86,720**	84,833
Employee Benefits	-	20,080	**20,080**	18,601
Administration Fees	-	7,434	**7,434**	8,403
Occupancy	-	4,386	**4,386**	4,386
Audit	-	4,600	**4,600**	4,600
Provision for Loan Losses	-	-	**-**	20,312
Total Operating Expenses	-	673,220	**673,220**	141,135
Operating Loss	-	(521,148)	**(521,148)**	(422)
Non-Operating Revenue				
Other Interest Income	-	208	**208**	2,124
Change in Assets	-	(520,940)	**(520,940)**	1,702
Net Assets - Beginning of Year	2,469	2,491,082	**2,493,551**	2,491,849
Net Assets - End of Year	$ 2,469	$ 1,970,142	$ **1,972,611**	$ 2,493,551

See the accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Cash Received from Providing Services	$ 155,064	$ 138,226
Cash Payments for Contractual Expenses	(124,699)	(118,217)
Cash Advances to Loan Program Recipients	-	(662,500)
Cash Advances to Grant Program Recipients	(10,000)	(300,000)
Cash Received from Loan Program Repayments	357,069	130,976
Cash Advances to Other Governments	(250,000)	-
Net Cash Provided By (Used In) Operating Activities	127,434	(811,515)
Cash Flows From Investing Activities:		
Interest Income	208	2,124
Increase (Decrease) In Cash	127,642	(809,391)
Cash at Beginning of Year	929,282	1,738,673
Cash at End of Year	$ 1,056,924	$ 929,282
Reconciliation of Operating Loss to Net Cash Provided By (Used In) Operating Activities:		
Operating Loss	$ (521,148)	$ (422)
Adjustments to Reconcile to Net Cash Provided By (Used In) Operating Activities:		
Decrease in Reserve for Doubtful Accounts	-	(20,312)
Changes in Operating Assets and Liabilities:		
Loans Receivable	357,069	(490,900)
Accounts Receivable	1,766	(2,487)
Grant Receivable	290,000	(300,000)
Accounts Payable	(800)	3,481
Prepaid Expense	(406)	(119)
Compensated Absences	1,919	238
Accrued Liabilities	(966)	(994)
Net Cash Provided By (Used In) Operating Activities	$ 127,434	$ (811,515)

See the accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities - The Town of Union Local Development Corporation (LDC) was established to aid the Town of Union in growth and development of business concerns by encouraging the location of industrial, manufacturing, and commercial capacity, and the creation of new and improved job opportunities and retention of existing jobs within the geographic boundaries of the Town of Union.

B. Basis of Presentation - The LDC follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under Topic 958, the LDC is required to report information regarding its financial position and activities according to two classes of assets: net assets without restrictions and net assets with restrictions. Net Assets without restrictions are net assts that are not subject to or no longer subject to stipulations. Net assets with restrictions are net assets whose use is limited by time and/or purpose restrictions.

C. Revenue Recognition – In 2019, the LDC adopted Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers.* ASC 606 provides a single principles-based revenue recognition model with a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The LDC is a nonprofit corporation and is a component unit of the Town of Union. The LDC operates as a proprietary fund (a business-type activity), distinguishing operating revenues and expenses from non-operating items. Operating revenues are mostly comprised of grant, government subsidy, and interest revenue resulting from exchange transactions associated with the principal activities. All revenues not meeting these definitions are reported as non-operating revenues. Revenues are recognized when earned.

LDC is funded principally through grants from the Town of Union Community Development Block Grant Program (CDBG). LDC recognizes the grant funds from CDBG when received, which coincides with the disbursement of funds by LDC for various operating expenses and new loans.

LDC also receives revenue in the form of repayments on loans from the Urban Development Action Grant Program (UDAG) and grants from the Town of Union's (UDAG) program. Program income generated from CDBG and UDAG loans is recognized as revenue when received.

D. Federal Income Taxes - The LDC is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is not liable for income taxes. The LDC files annual informational returns to the Internal Revenue Service (Form 990) and to New York State Department of Law (Office of the Attorney General) (CHAR500). The LDC has not been informed of any tax examinations by either the Internal Revenue Service or New York State. Tax returns for the previous three years are subject to examination by the Internal Revenue Service.

E. Cash and Cash Equivalents - The LDC considers short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

F. Compensated Absences - The LDC utilizes employees of the Town of Union. The amount of compensated absences as of December 31, 2021 and 2020, represent unused vacation pay and sick leave based on the Town's personnel policy.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

H. Reserve for Doubtful Loans - The LDC follows the policy of providing currently for bad debts in order to maintain an adequate reserve for anticipated losses. Management has assessed the collectability of loans receivable and determined that no reserve was necessary as of December 31, 2021 and 2020.

I. Contributions and Grants - Contributions are recorded as revenue upon receipt of cash or unconditional promises to give. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

The Town of Union contributes office space to the LDC for its operations. The accompanying financial statements include amounts for this contributed service, which as of December 31, 2021 and 2020 was valued at approximately $4,386, by management.

NOTE 2 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the LDC to concentrations of credit risk, consist of deposits with a single financial institution, cash in excess of FDIC insurance, and loans receivable. The LDC generally places its cash and investments with quality financial institutions and collateralizes cash deposits in excess of FDIC coverage with obligations of the United States and its agencies. As of December 31, 2021, cash deposits in excess of FDIC coverage and collateralization amounted to approximately $239,000.

Concentrations of credit risk with respect to loans receivable are limited due to the large number of loans and the dispersion across many different industries. Also, the LDC requires security to support the loans receivable.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The LDC has approved various development loan commitments as of December 31, 2021. Such commitments will be funded upon the satisfaction of all loan provisions by the applicants and the availability of funds at the time of closing the loans.

During 2021, Broome County awarded the LDC $1,090,000 of American Rescue Plan Act (ARPA) funds to be used for various community development projects. Of that amount, $840,000 has been approved for a certain project, and $250,000 is not yet awarded. The funds have not yet been received by the LDC nor is there a date available when the funds will be received. Awarded funds will not be disbursed to recipients until the projects are completed. Thus, there are no receivables or payables related to these amounts included in the financial statements.

NOTE 4 - LOANS RECEIVABLE

Loan transactions are summarized as follows:

	2021	2020
Loans Receivable Balance, Beginning of Period	$ 1,298,485	$ 807,585
Year Ended December 31, Activity:		
Loan Advances	-	662,500
Write-Offs	-	(40,624)
Principal Repayments	(357,069)	(130,976)
Loans Receivable Balance, End of the Period	941,416	1,298,485
Less: Loans Receivable - Current Portion	(170,960)	(158,539)
Loans Receivable - Noncurrent Portion	$ 770,456	$ 1,139,946

NOTE 5 - GRANT RECEIVABLE AND GRANT EXPENSE

During 2020, the LDC granted a local business $300,000 to assist with the acquisition of property and the demolition and construction of a new office building in Endicott, New York. The grant was forgivable in three increments based on the grantee satisfactorily completing specified performance measurements within five years from the date of the disbursement. Because during 2021, the grantee successfully met all of the specified grant performance measures, full forgiveness was granted. This resulted in a $300,000 Grant Expense included on the accompanying 2021 statement of activities.

During 2019, the LDC awarded four $10,000 grants to local small businesses. The grants were forgivable over a three-year grant performance period. Only one of the four businesses accepted the $10,000 grant funds, which were advanced in July 2021. The $10,000 is included in Grant Receivable on the accompanying 2021 statement of financial position.

During 2021, the LDC advanced $250,000 in CDBG funds to the Town of Union to be used toward CDBG eligible projects for infrastructure purposes within the Villages of Johnson City and Endicott. The purpose of this advance was to accelerate spending of existing CDBG funds and provide needed funding to certain projects in those two villages. The $250,000 is included in Grant Expense on the accompanying 2021 statement of activities.

NOTE 6 - TOWN OF UNION AGREEMENT

The LDC has an agreement with the Town of Union, regarding the use of CDBG fund for various economic development programs. The agreement is automatically renewed every two years until either party gives 60 days' notice, prior to the expiration date, to end the agreement. Upon termination, all loans related to funds allocated by CDBG funds become the property of the Town of Union and the LDC shall assign to the Town related security interest.

NOTE 7 - FUNCTIONAL EXPENSES

	Program Services	Management and General	2021 Total	2020 Total
Grant Expense	$ 550,000	$ -	$ 550,000	$ -
Salaries	53,458	33,262	86,720	84,833
Employee Benefits	10,818	9,262	20,080	18,601
Administration Fees	-	7,434	7,434	8,403
Occupancy	-	4,386	4,386	4,386
Audit	-	4,600	4,600	4,600
Provision for Loan Losses	-	-	-	20,312
Total Operating Expenses	$ 614,276	$ 58,944	$ 673,220	$ 141,135

The costs of providing program service and other activities have been summarized in the schedule above. Accordingly, 2021 costs have been allocated between program services, and management and general based on actual costs incurred within each function. The 2020 costs are summarized in total for comparison purposes.

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The LDC's financial assets available for general use within one year of the balance sheet date consist of cash and cash equivalents of $1,056,924 and current net portion of loans receivable and accounts receivable of $170,960 and $3,194, respectively. Therefore, financial assets available to meet cash needs for general expenditure within one year as of December 31, 2021 is $1,231,078.

NOTE 9 - SUBSEQUENT EVENTS

The LDC has evaluated events and transactions that occurred between January 1, 2022 and March 23, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the accompanying financial statements.

In 2020, the worldwide pandemic, Coronavirus disease (COVID-19), began significantly impacting the United States. COVID-19 continues to cause significant disruptions in all aspects caused by required government closures of business and decreased demand for certain products and services. Additionally, there have been material retractions in economic demand causing a severe macroeconomic downturn in both financial markets as well as business operations in general. While the full economic impacts of COVID-19 are unknown as of March 23, 2022, it is at least reasonably possible that the LDC may experience material impacts caused by this global crisis on its operations during the next operating cycle.

SCHEDULE 1

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF LOANS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Loan Principal Balance as of 1/1/2021	2021 Advances	2021 Repayments	Loan Principal Balance as of 12/31/2021
CDBG Loans:				
17 Kentucky Avenue, LLC	$ 196,285	$ -	$ 13,354	$ 182,931
402 Airport Rd. Holding, LLC	49,656	-	2,538	47,118
500 North Street, LLC	12,205	-	8,544	3,661
Connolly Companies, LLC	62,473	-	10,112	52,361
Fuller Holding Company, LLC	153,472	-	10,254	143,218
New Vision Industries, Inc.	74,230	-	15,057	59,173
Renaissance Realty & Management	5,402	-	5,402	-
Sonostics	115,931	-	27,987	87,944
Southern Tier Leasing, LLC	32,673	-	5,177	27,496
Southern Tier Technologies, LLC	32,295	-	5,117	27,178
T&M Enterprises of Broome County, NY Inc.	18,500	-	18,500	-
Subtotal CDBG Loans	753,122	-	122,042	631,080
UDAG - Façade Loans:				
2719-2725 Plaza, LLC	8,850	-	8,169	681
Spathl Group	38,333	-	20,000	18,333
Taylor Irene Properties, LLC	3,500	-	2,000	1,500
Subtotal UDAG - Façade Loans	50,683	-	30,169	20,514
UDAG - Business Assistance Loans:				
17 Kentucky Avenue, LLC	194,680	-	194,680	-
SSE3, LLC	300,000	-	10,178	289,822
Subtotal UDAG - Business Assistance Loans	494,680	-	204,858	289,822
Total Loans	$ 1,298,485	$ -	$ 357,069	941,416
Less: Loans Receivable - Current Portion				(170,960)
Loans Receivable - Non-Current Portion				$ 770,456

See the accompanying notes to financial statements.

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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
Town of Union Local Development Corporation
Endwell, New York

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 financial statements of the Town of Union Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 23, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Union Local Development Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Union Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

SYRACUSE
100 Elwood Davis Road
Suite 102
North Syracuse, NY 13212
(315) 471-8109

BINGHAMTON
92 Hawley Street
PO Box 1330
Binghamton, NY 13902
(607) 729-9373

NORWICH
116 E. Main St., Suite 3
PO Box 190
Norwich, NY 13815
(607) 336-8908

To the Board of Directors
Town of Union Local Development Corporation

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Union Local Development Corporation's 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 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 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.

This report is intended solely for the information and use of management, the U.S. Department of Housing and Urban Development, others within the entity, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Piaker & Lyons PC

PIAKER & LYONS, P.C.

Binghamton, New York
March 23, 2022