

TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

**TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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Officers:

Allison E. Gunther, CPA
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Alan D. Piaker, CPA
Eric J. Rouse, CPA
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Established 1955
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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
Roy E. Fuller, CPA
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INDEPENDENT AUDITORS' 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, 2022, 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, 2022, 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 Auditors' 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.

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The Board of Directors
Town of Union Local Development Corporation

Auditors' 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 auditors' 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 12 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited 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 17, 2023 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, P.C.

Binghamton, New York
March 17, 2023

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,200,928	\$ 1,056,924
Restricted Cash	1,500,000	-
Loans Receivable - Current Portion	93,124	170,960
Accounts Receivable	3,150	3,194
Grant Receivable	6,667	10,000
Prepaid Expense	<u>2,192</u>	<u>3,032</u>
Total Current Assets	2,806,061	1,244,110
Other Assets		
Loans Receivable - Non-Current Portion	<u>738,472</u>	<u>770,456</u>
TOTAL ASSETS	<u>\$ 3,544,533</u>	<u>\$ 2,014,566</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,452	\$ 2,834
Accrued Liabilities	1,698	360
Compensated Absences - Current Portion	5,617	4,788
Deferred Revenue - ARPA	<u>1,500,000</u>	<u>-</u>
Total Current Liabilities	1,508,767	7,982
Long-Term Liabilities		
Compensated Absences, Net of Current Portion	<u>33,743</u>	<u>33,973</u>
Total Liabilities	<u>1,542,510</u>	<u>41,955</u>
Net Assets		
Without Restrictions	3,777	2,469
With Restrictions	<u>1,998,246</u>	<u>1,970,142</u>
Total Net Assets	<u>2,002,023</u>	<u>1,972,611</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,544,533</u>	<u>\$ 2,014,566</u>

See the accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>Total 2022</u>	<u>2021</u>
Operating Revenues				
Federal Aid - CDBG	\$ -	\$ 34,892	\$ 34,892	\$ 50,867
Loan Interest	-	21,542	21,542	30,640
Contributed Revenue - Town of Union	-	80,005	80,005	66,179
Contributed Nonfinancial Asset - Town of Union	-	4,386	4,386	4,386
Loan Loss Recovery	-	10,000	10,000	-
Miscellaneous Income	<u>1,238</u>	<u>-</u>	<u>1,238</u>	<u>-</u>
Total Operating Revenues	<u>1,238</u>	<u>150,825</u>	<u>152,063</u>	<u>152,072</u>
Operating Expenses				
Grant Expense	-	3,333	3,333	550,000
Salaries	-	85,772	85,772	86,720
Employee Benefits	-	18,388	18,388	20,080
Administration Fees	-	5,303	5,303	7,434
Occupancy	-	4,386	4,386	4,386
Audit	-	4,600	4,600	4,600
Outside Services	<u>-</u>	<u>2,550</u>	<u>2,550</u>	<u>-</u>
Total Operating Expenses	<u>-</u>	<u>124,332</u>	<u>124,332</u>	<u>673,220</u>
Operating Income (Loss)	1,238	26,493	27,731	(521,148)
Non-Operating Revenue				
Other Interest Income	<u>70</u>	<u>1,611</u>	<u>1,681</u>	<u>208</u>
Change in Assets	1,308	28,104	29,412	(520,940)
Net Assets - Beginning of Year	<u>2,469</u>	<u>1,970,142</u>	<u>1,972,611</u>	<u>2,493,551</u>
Net Assets - End of Year	<u>\$ 3,777</u>	<u>\$ 1,998,246</u>	<u>\$ 2,002,023</u>	<u>\$ 1,972,611</u>

See the accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Cash Received from Providing Services	\$ 147,721	\$ 155,064
Cash Payments for Contractual Expenses	(115,218)	(124,699)
Cash Advances to Loan Program Recipients	(110,000)	-
Cash Advances to Grant Program Recipients	-	(10,000)
Cash Received from Loan Program Repayments	219,820	357,069
Cash Received Other Governments	1,500,000	-
Cash Advances to Other Governments	<u>-</u>	<u>(250,000)</u>
Net Cash Provided By Operating Activities	1,642,323	127,434
Cash Flows From Investing Activities:		
Interest Income	<u>1,681</u>	<u>208</u>
Increase In Cash	1,644,004	127,642
Cash at Beginning of Year	<u>1,056,924</u>	<u>929,282</u>
Cash at End of Year	<u>\$ 2,700,928</u>	<u>\$ 1,056,924</u>
Reconciliation of Operating Loss to Net Cash		
Provided By Operating Activities:		
Operating Income (Loss)	\$ 27,731	\$ (521,148)
Adjustments to Reconcile to Net Cash Provided By		
Operating Activities:		
Forgiven Grant	3,333	300,000
Changes in Operating Assets and Liabilities:		
Deferred Revenue - ARPA	1,500,000	-
Loans Receivable	109,820	357,069
Accounts Receivable	44	1,766
Grant Receivable	-	(10,000)
Accounts Payable	(1,382)	(800)
Prepaid Expense	840	(406)
Compensated Absences	599	1,919
Accrued Liabilities	<u>1,338</u>	<u>(966)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,642,323</u>	<u>\$ 127,434</u>

See the accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 assets 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 - The LDC follows the provisions of 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.

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

The 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. 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.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash, Cash Equivalents, and Restricted Cash - The LDC considers short-term, highly liquid investments with original maturities of three months or less to be cash equivalents. Following is a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same amounts shown in the statement of cash flows for the years ended December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 1,200,928	\$ 1,056,924
Restricted Cash	<u>1,500,000</u>	<u>-</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 2,700,928</u>	<u>\$ 1,056,924</u>

Restricted cash at December 31, 2022 consisted of a \$1,500,000 award from the Town of Union, which funds are restricted for use in grant programs to assist small businesses in the Town of Union, as more fully disclosed in Note 5.

G. Compensated Absences - The LDC utilizes employees of the Town of Union. The amount of compensated absences as of December 31, 2022 and 2021, represent unused vacation pay and sick leave based on the Town's personnel policy.

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, 2022 and 2021.

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.

Effective January 1, 2022, the LDC adopted FASB ASU 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The Town of Union contributes office space to the LDC for its operations. Management values this space at fair value using the square footage of the space occupied, multiplied by an estimated rate based on the cost of leasing comparable spaces. The value of the contributed space was \$4,386 for 2022 and 2021.

J. Reclassifications - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. There was no effect on net assets.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, cash deposits in excess of FDIC coverage and collateralization amounted to approximately \$207,000.

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 - LOANS RECEIVABLE

Loan transactions are summarized as follows:

	<u>2022</u>	<u>2021</u>
Loans Receivable Balance, Beginning of Period	\$ 941,416	\$ 1,298,485
Year Ended December 31, Activity:		
Loan Advances	110,000	-
Principal Repayments	<u>(219,820)</u>	<u>(357,069)</u>
Loans Receivable Balance, End of the Period	831,596	941,416
Less: Loans Receivable - Current Portion	<u>(93,124)</u>	<u>(170,960)</u>
Loans Receivable - Noncurrent Portion	<u>\$ 738,472</u>	<u>\$ 770,456</u>

NOTE 4 - GRANT RECEIVABLE AND GRANT EXPENSE

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 businesses accepted the \$10,000 grant funds, which were advanced in 2021. In 2022, since the business met the first of three-year grant performance requirements, the LDC forgave one-third of the \$10,000 grant in 2022.

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 in 2021.

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 was included in Grant Expense in the accompanying 2021 statement of activities.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The LDC has approved various development loan commitments as of December 31, 2022. 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. During 2022, Broome County awarded the LDC an additional \$930,000 of ARPA funds to be used for the same purpose, for a total of \$2,020,000. 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 accompanying financial statements.

During 2022, the Town of Union awarded the LDC \$1,500,000 in American Rescue Plan Act funds to be used for the development, implementation, and administration of grant programs to assist small businesses in the Town of Union. The LDC received the funds in December 2022 and the total amount is included in deferred revenue in the accompanying 2022 statement of financial position. The LDC has identified several programs for such monies, which are to be disbursed to recipients as the projects are completed.

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

	<u>Program Services</u>	<u>Management and General</u>	<u>2022 Total</u>	<u>2021 Total</u>
Grant Expense	\$ 3,333	\$ -	\$ 3,333	\$ 550,000
Salaries	53,212	32,560	85,772	86,720
Employee Benefits	10,310	8,078	18,388	20,080
Administration Fees	-	5,303	5,303	7,434
Occupancy	-	4,386	4,386	4,386
Audit	-	4,600	4,600	4,600
Outside Services	-	2,550	2,550	-
Total Operating Expenses	\$ 66,855	\$ 57,477	\$ 124,332	\$ 673,220

The costs of providing program service and other activities have been summarized in the schedule above. Accordingly, 2022 costs have been allocated between program services, and management and general based on actual costs incurred within each function. The 2021 costs are summarized in total for comparison purposes.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 \$2,700,928 and current net portion of loans receivable and accounts receivable of \$93,124 and \$3,150, respectively. Therefore, financial assets available to meet cash needs for general expenditure within one year as of December 31, 2022 is \$2,797,202.

NOTE 9 - SUBSEQUENT EVENTS

The LDC has evaluated events and transactions that occurred between January 1, 2023 and March 17, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the accompanying financial statements.

SCHEDULE 1

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF LOANS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Loan Principal Balance as of <u>1/1/2022</u>	<u>2022</u> <u>Advances</u>	<u>2022</u> <u>Repayments</u>	Loan Principal Balance as of <u>12/31/2022</u>
<u>CDBG Loans:</u>				
17 Kentucky Avenue, LLC	\$ 182,931	\$ -	\$ 13,761	\$ 169,170
402 Airport Rd. Holding, LLC	47,118	-	2,615	44,503
500 North Street, LLC	3,661	-	3,661	-
Connolly Companies, LLC	52,361	-	52,361	-
Crooked Mouth Brewing, LLC	-	50,000	2,692	47,308
Fuller Holding Company of Broome County, LLC	143,218	-	10,231	132,987
New Vision Industries, Inc.	59,173	-	59,173	-
Sonostics, Inc.	87,944	-	28,551	59,393
Southern Tier Leasing, LLC	27,496	-	5,282	22,214
Southern Tier Technologies, LLC	27,178	-	5,221	21,957
Taylor's Pizza House	-	50,000	1,598	48,402
Subtotal CDBG Loans	631,080	100,000	185,146	545,934
<u>UDAG - Façade Loans:</u>				
2719-2725 Plaza, LLC	681	-	681	-
Spathl Group	18,333	-	18,333	-
Taylor Irene Properties, LLC	1,500	-	1,500	-
Subtotal UDAG - Façade Loans	20,514	-	20,514	-
<u>UDAG - Business Assistance Loans:</u>				
Bada Bing Hospitality, LLC	-	10,000	2,733	7,267
SSE3, LLC	289,822	-	11,427	278,395
Subtotal UDAG - Business Assistance Loans	289,822	10,000	14,160	285,662
Total Loans	\$ 941,416	\$ 110,000	\$ 219,820	831,596
Less: Loans Receivable - Current Portion				(93,124)
Loans Receivable - Non-Current Portion				\$ 738,472

See the accompanying notes to financial statements.

Officers:

Allison E. Gunther, CPA
Katie M. Kirk, CPA
Richard A. Lynch, CPA
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**INDEPENDENT AUDITORS' 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, 2022, 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 17, 2023.

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.

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, P.C.

Binghamton, New York
March 17, 2023