

TOWN OF UNION
LOCAL DEVELOPMENT CORPORATION
Financial Statements
December 31, 2023 and 2022

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Town of Union Local Development Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Town of Union Local Development Corporation (the Corporation) (a nonprofit organization), a component unit of the Town of Union, New York, which comprise the statement of financial position as of December 31, 2023, 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 the Corporation as of December 31, 2023, and its net assets and its cash flows for the year then ended December 31, 2023 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 (GAAS) 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 the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Corporation as of December 31, 2022, were audited by other auditors whose report dated March 17, 2023, expressed an unmodified opinion on those statements.

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 the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the schedule of loans receivable and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated March 21, 2024 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Corporation's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 21, 2024

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
Statements of Financial Position
December 31, 2023 and 2022

| <u>Assets</u> | <u>2023</u> | <u>2022</u> |
|--|---------------------|------------------|
| Current assets: | | |
| Cash and equivalents | \$ 2,453,688 | 2,700,928 |
| Accounts receivable | 11,655 | 9,817 |
| Loans receivable, current portion | 85,086 | 93,124 |
| Prepaid expenses | <u>2,612</u> | <u>2,192</u> |
| Total current assets | <u>2,553,041</u> | <u>2,806,061</u> |
| Noncurrent assets: | | |
| Loans receivable, excluding current portion | 594,425 | 738,472 |
| Equipment | <u>5,750</u> | <u>-</u> |
| Total noncurrent assets | <u>600,175</u> | <u>738,472</u> |
| Total assets | <u>\$ 3,153,216</u> | <u>3,544,533</u> |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities: | | |
| Accounts payable | 6,557 | 1,452 |
| Accrued liabilities | 1,765 | 1,698 |
| Due to other governments | 4,088 | - |
| Compensated absences, current portion | 5,311 | 5,617 |
| Deferred revenue | <u>1,045,140</u> | <u>1,500,000</u> |
| Total current liabilities | 1,062,861 | 1,508,767 |
| Long-term liabilities - compensated absences, excluding current portion | <u>41,136</u> | <u>33,743</u> |
| Total liabilities | <u>1,103,997</u> | <u>1,542,510</u> |
| Net assets: | | |
| Without donor restrictions | 12,807 | 3,777 |
| With donor restrictions | <u>2,036,412</u> | <u>1,998,246</u> |
| Total net assets | <u>2,049,219</u> | <u>2,002,023</u> |
| Total liabilities and net assets | <u>\$ 3,153,216</u> | <u>3,544,533</u> |

See accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Statement of Activities

Year ended December 31, 2023

(with comparative totals for 2022)

| | <u>Without restrictions</u> | <u>With restrictions</u> | <u>Total</u> | |
|--|---------------------------------|------------------------------|------------------|------------------|
| | | | <u>2023</u> | <u>2022</u> |
| Operating revenue: | | | | |
| Federal aid: | | | | |
| ARPA | \$ - | 1,254,860 | 1,254,860 | - |
| CDBG | - | 32,188 | 32,188 | 34,892 |
| Town of Union: | | | | |
| Contributions | - | 99,100 | 99,100 | 80,005 |
| Contributed nonfinancial assets - rent | - | 4,386 | 4,386 | 4,386 |
| Loan interest | - | 19,964 | 19,964 | 21,542 |
| Loan loss recovery | - | - | - | 10,000 |
| Miscellaneous income | - | 4,500 | 4,500 | 1,238 |
| | <u>-</u> | <u>1,414,998</u> | <u>1,414,998</u> | <u>152,063</u> |
| Total operating revenue | - | 1,414,998 | 1,414,998 | 152,063 |
| Operating expenses: | | | | |
| Grant expense | - | 1,258,193 | 1,258,193 | 3,333 |
| Salaries | - | 94,575 | 94,575 | 85,772 |
| Employee benefits | - | 19,007 | 19,007 | 18,388 |
| Administration fees | - | 11,199 | 11,199 | 5,303 |
| Contributed nonfinancial assets - rent | - | 4,386 | 4,386 | 4,386 |
| Audit | - | 4,600 | 4,600 | 4,600 |
| Outside services | - | 3,100 | 3,100 | 2,550 |
| | <u>-</u> | <u>1,395,060</u> | <u>1,395,060</u> | <u>124,332</u> |
| Total operating expenses | - | 1,395,060 | 1,395,060 | 124,332 |
| Operating income | - | 19,938 | 19,938 | 27,731 |
| Nonoperating revenue - other interest income | <u>9,030</u> | <u>18,228</u> | <u>27,258</u> | <u>1,681</u> |
| Change in net assets | 9,030 | 38,166 | 47,196 | 29,412 |
| Net assets at beginning of year | <u>3,777</u> | <u>1,998,246</u> | <u>2,002,023</u> | <u>1,972,611</u> |
| Net assets at end of year | <u>\$ 12,807</u> | <u>2,036,412</u> | <u>2,049,219</u> | <u>2,002,023</u> |

See accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Statement of Activities

Year ended December 31, 2022

| | <u>Without restrictions</u> | <u>With restrictions</u> | <u>Total</u> |
|--|---------------------------------|------------------------------|-------------------------|
| Operating revenue: | | | |
| Federal aid - CDBG | \$ - | 34,892 | 34,892 |
| Town of Union: | | | |
| Contributions | - | 80,005 | 80,005 |
| Contributed nonfinancial assets - rent | - | 4,386 | 4,386 |
| Loan interest | - | 21,542 | 21,542 |
| Loan loss recovery | - | 10,000 | 10,000 |
| Miscellaneous income | <u>1,238</u> | <u>-</u> | <u>1,238</u> |
| Total operating revenue | <u>1,238</u> | <u>150,825</u> | <u>152,063</u> |
| Operating expenses: | | | |
| Grant expense | - | 3,333 | 3,333 |
| Salaries | - | 85,772 | 85,772 |
| Employee benefits | - | 18,388 | 18,388 |
| Administration fees | - | 5,303 | 5,303 |
| Contributed nonfinancial assets - rent | - | 4,386 | 4,386 |
| Audit | - | 4,600 | 4,600 |
| Outside services | <u>-</u> | <u>2,550</u> | <u>2,550</u> |
| Total operating expenses | <u>-</u> | <u>124,332</u> | <u>124,332</u> |
| Operating income | 1,238 | 26,493 | 27,731 |
| Nonoperating revenue - other interest income | <u>70</u> | <u>1,611</u> | <u>1,681</u> |
| Change in net assets | 1,308 | 28,104 | 29,412 |
| Net assets at beginning of year | <u>2,469</u> | <u>1,970,142</u> | <u>1,972,611</u> |
| Net assets at end of year | <u><u>\$ 3,777</u></u> | <u><u>1,998,246</u></u> | <u><u>2,002,023</u></u> |

See accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Statements of Cash Flows

Years ended December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------------|-------------------------|
| Cash flows from operating activities: | | |
| Cash payments to employees | \$ (10,692) | - |
| Cash payments for contractual expenses | (10,850) | (115,218) |
| Cash payments to loan program recipients | - | (110,000) |
| Cash payments for grants | (1,254,105) | - |
| Cash received from loan program repayments | 172,049 | 219,820 |
| Cash received from other governments | 830,350 | 1,500,000 |
| Other cash received | <u>4,500</u> | <u>147,721</u> |
| Net cash provided by (used in) operating activities | (268,748) | 1,642,323 |
| Cash flows from capital and related financing activities - purchase of equipment | (5,750) | - |
| Cash flows from investing activities - interest income | <u>27,258</u> | <u>1,681</u> |
| Net change in cash and equivalents | (247,240) | 1,644,004 |
| Cash and equivalents at beginning of year | <u>2,700,928</u> | <u>1,056,924</u> |
| Cash and equivalents at end of year | <u><u>\$ 2,453,688</u></u> | <u><u>2,700,928</u></u> |
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | |
| Operating income | 19,938 | 27,731 |
| Adjustments to reconcile to net cash provided by (used in) operating activities: | | |
| Changes in: | | |
| Accounts receivable | (1,838) | 3,377 |
| Loans receivable | 152,085 | 109,820 |
| Prepaid expense | (420) | 840 |
| Accounts payable | 5,105 | (1,382) |
| Accrued liabilities | 67 | 1,338 |
| Due to other governments | 4,088 | - |
| Compensated absences | 7,087 | 599 |
| Deferred revenue | <u>(454,860)</u> | <u>1,500,000</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ (268,748)</u></u> | <u><u>1,642,323</u></u> |

See accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2023 and 2022

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Town of Union Local Development Corporation (the Corporation) was established to aid the Town of Union, New York (the Town), 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.

(b) Reporting Entity

The Corporation, a not-for-profit, local development corporation was formed under section 11 411 of the Not-for-Profit Corporation Law of the State of New York (the State) for the purpose of attracting new and retaining existing business to the Town, relieving and reducing unemployment, promoting and enhancing employment opportunities, instructing or training individuals to improve or develop skills, conducting scientific research to attract or retain business, and lessening the burdens of government and acting in the public interest in the Town. The Corporation is a corporation as defined in subparagraph (a),(5) of Section 102 of the Not-For-Profit Corporation Law of the State of New York and it is the policy of the Corporation to comply at all times with the provisions of New York State General Municipal law section 18A New York State Public Authorities Accountability Act.

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing agency, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

(c) Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Corporation 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 Corporation 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.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Federal Income Taxes

The Corporation is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is not liable for income taxes. The Corporation 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 Corporation 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 accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) Cash and Equivalents

For the purposes of the statements of financial position and statements of cash flows, cash and equivalents include deposits and certificates of deposit with original maturities of three months or less. The Corporation maintains cash and equivalents at financial institutions which periodically may exceed federally insured limits. At December 31, 2023 and 2022 the Corporation had \$210,926 and \$206,631, respectively, in excess of the federally insured limits.

(g) Equipment

All acquisitions of property and equipment are capitalized and recorded at cost with an initial unit cost of \$1,000 or more and an estimated useful life in excess of one year. Donated property and equipment is recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add the value of the asset or materially extend the asset's life are not capitalized. Depreciation of property and equipment is provided on the straight-line method.

(h) Credit Losses

At the beginning of 2023, the Corporation adopted Accounting Standards Codification 326, Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments, as amended which modifies the measurement of expected credit losses on certain financial instruments, including accounts receivable, and requires organizations to measure all expected credit losses for financial instruments based on historical experience, current conditions, and reasonable and supportable forecasts for collectability. The Corporation adopted this new standard utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Corporation's financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition

Under Accounting Standards Update (ASU) No. 2018-08 - “Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made,” fees and grants from governmental agencies are accounted for as either contributions or as exchange transactions.

Contributions are recognized when the donor makes an unconditional promise to give to the Corporation. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Fees and grants accounted for as exchange transactions are recorded as revenue when expenses have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue.

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

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

(j) Compensated Absences

The Corporation utilizes employees of the Town. The amount of compensated absences represent unused vacation pay and sick leave based on the Town’s personnel policy.

(k) 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 Corporation 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 contributes office space to the Corporation 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 the years ended December 31, 2023 and 2022.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Reclassifications

Reclassifications have been made to certain 2022 balances in order to conform them to the 2023 presentation.

(m) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Loans Receivable

Loan transactions for the years ended December 31, 2023 and 2022 are summarized as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|------------------|
| Loans receivable balance at beginning of year | \$ 831,596 | 941,416 |
| Loan advances | - | 110,000 |
| Principal repayments | <u>(152,085)</u> | <u>(219,820)</u> |
| Loans receivable balance at end of year | 679,511 | 831,596 |
| Less loans receivable, current portion | <u>(85,086)</u> | <u>(93,124)</u> |
| Loans receivable, excluding current portion | \$ <u>594,425</u> | <u>738,472</u> |

(3) Federal Aid and Deferred Revenue

During 2023, Broome County, New York, awarded the Corporation \$800,000 of American Rescue Plan Act (ARPA) funds to be used for various community development projects. The Corporation disbursed the entire \$800,000 in 2023.

During 2022, the Town awarded the Corporation \$1,500,000 in ARPA funds to be used for the development, implementation, and administration of grant programs to assist small businesses in the Town. The Corporation disbursed \$454,860 in 2023, and therefore, \$1,045,140 remains as deferred revenue as of December 31, 2023. The Corporation did not have any ARPA disbursements in 2022, and therefore, the entire \$1,500,000 was reported as deferred revenue as of December 31, 2022. The Corporation has identified several programs for such monies, which are to be disbursed to recipients as the projects are completed.

(4) Liquidity

The Corporation has \$2,465,343 of financial assets available within one year of the statement of financial position date consisting of cash and equivalents and accounts receivable. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements, Continued

(5) Town of Union Agreement

The Corporation has an agreement with the Town, 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 and the Corporation shall assign to the Town related security interest.

(6) Functional Expenses

The costs of providing program service and other activities have been summarized in the schedule below. Accordingly, costs for the years ended December 31, 2023 and 2022 have been allocated between program services and management and general based on actual costs incurred within each function.

| | 2023 | | |
|--------------------------|-----------------------------|-----------------------------------|------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Total</u> |
| Grant expense | \$ 1,258,193 | - | 1,258,193 |
| Salaries | 66,203 | 28,372 | 94,575 |
| Employee benefits | 13,305 | 5,702 | 19,007 |
| Administration fees | - | 11,199 | 11,199 |
| Rent | - | 4,386 | 4,386 |
| Audit | - | 4,600 | 4,600 |
| Outside services | - | 3,100 | 3,100 |
| Total operating expenses | \$ <u>1,337,701</u> | <u>57,359</u> | <u>1,395,060</u> |

| | 2022 | | |
|--------------------------|-----------------------------|-----------------------------------|----------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Total</u> |
| Grant expense | \$ 3,333 | - | 3,333 |
| Salaries | 60,040 | 25,732 | 85,772 |
| Employee benefits | 12,872 | 5,516 | 18,388 |
| Administration fees | - | 5,303 | 5,303 |
| Rent | - | 4,386 | 4,386 |
| Audit | - | 4,600 | 4,600 |
| Outside services | - | 2,550 | 2,550 |
| Total operating expenses | \$ <u>76,245</u> | <u>48,087</u> | <u>124,332</u> |

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
Schedule of Loans Receivable
Year ended December 31, 2023

| | Balance at December 31, 2022 | Advances | Repayments | Balance at December 31, 2023 |
|---|---------------------------------|----------|------------------|---------------------------------|
| <u>CDBG loans:</u> | | | | |
| 17 Kentucky Avenue, LLC | \$ 169,170 | - | (14,179) | 154,991 |
| 402 Airport Rd. Holding, LLC | 44,503 | - | (2,694) | 41,809 |
| Crooked Mouth Brewing, LLC | 47,308 | - | (6,599) | 40,709 |
| Fuller Holding Company of Broome County, LLC | 132,987 | - | (9,849) | 123,138 |
| Sonostics, Inc. | 59,393 | - | (29,128) | 30,265 |
| Southern Tier Leasing, LLC | 22,214 | - | (22,214) | - |
| Southern Tier Technologies, LLC | 21,957 | - | (21,957) | - |
| Taylor's Pizza House | 48,402 | - | (4,860) | 43,542 |
| Subtotal CDBG loans | <u>545,934</u> | <u>-</u> | <u>(111,480)</u> | <u>434,454</u> |
| <u>UDAG - Business Assistance loans:</u> | | | | |
| Bada Bing Hospitality, LLC | 7,267 | - | (3,325) | 3,942 |
| SSE3, LLC | 278,395 | - | (37,280) | 241,115 |
| Subtotal UDAG - Business Assistance loans | <u>285,662</u> | <u>-</u> | <u>(40,605)</u> | <u>245,057</u> |
| Total loans | 831,596 | <u>-</u> | <u>(152,085)</u> | 679,511 |
| Less loans receivable - current portion | <u>(93,124)</u> | | | <u>(85,086)</u> |
| Loans receivable - noncurrent portion | <u>\$ 738,472</u> | | | <u>594,425</u> |

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
Schedule of Expenditures of Federal Awards
Year ended December 31, 2023

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Assistance Listing Number</u> | <u>Pass-through Grantor's Number</u> | <u>Federal Expenditures</u> | <u>Expenditures to Subrecipients</u> |
|--|----------------------------------|--------------------------------------|-----------------------------|--------------------------------------|
| U.S. Department of Housing and Urban Development - Community Development Block Grants: | | | | |
| Entitlement Grants | 14.218 | N/A | \$ 32,188 | - |
| Loans | 14.218 | N/A | <u>514,359</u> | <u>-</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>546,547</u> | <u>-</u> |
| U.S. Department of Treasury - COVID-19 Coronavirus State and Local Fiscal Recovery Funds - passed through: | | | | |
| Town of Union, New York | 21.027 | N/A | 454,860 | 454,860 |
| Broome County, New York | 21.027 | N/A | <u>800,000</u> | <u>800,000</u> |
| Total U.S. Department of Treasury | | | <u>1,254,860</u> | <u>1,254,860</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,801,407</u> | <u>1,254,860</u> |

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Notes to Schedule of Expenditures of Federal Awards

December 31, 2023

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Corporation, which is described in note 1 to the Corporation's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

Matching costs (the Corporation's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in the schedule of expenditures of federal awards are prepared from records maintained for each program, which are reconciled with the Corporation's financial reporting system.

(2) Subrecipients

There were ten subrecipients of the Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2023.

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The Corporation does not use the 10% de minimis election.

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

The Board of Directors
Town of Union Local Development Corporation:

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 (the Corporation) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the 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 Corporation'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 of financial statements 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 21, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Town of Union Local Development Corporation:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Union Local Development Corporation's (the Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Corporation's major federal program for the year ended December 31, 2023. The Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. 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 GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 21, 2024

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Schedule of Findings and Questioned Costs

Year ended December 31, 2023

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? ☐ Yes ☒ No
2. Significant deficiency(ies) identified? ☐ Yes ☒ None reported
3. Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified? ☐ Yes ☒ No
5. Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? ☒ Yes ☐ No
7. The Corporation's major program audited was:

Name of Federal Program

Assistance
Listing Number

COVID-19 Coronavirus State and Local Fiscal Recovery Funds 21.027

8. Dollar threshold used to distinguish between Type A and Type B programs. \$750,000
9. Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

See page 22.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION
Schedule of Findings and Questioned Costs, Continued

Part III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Federal Agency - United States Department of the Treasury

Federal Program - Coronavirus State and Local Fiscal Recovery Funds (21.027)

Federal Award Year - 2023

State Agency - None

Reference: 2023-001

Criteria - Code of Federal Regulations §200.332 lists the requirements that must be clearly identified to subrecipients.

Condition - The subrecipients may not have a full understanding of the Federal program. Key information, including identifying the grant name and assistance listing number, were not identified on the award letters given to the subrecipients.

Cause - The award letters to subrecipients did not include all required information.

Effect of Condition - The Corporation is not in compliance with Code of Federal Regulations §200.332.

Questioned Costs - None.

Perspective - Two of the ten subrecipients were selected for audit. Both subrecipients' award letters were missing key information. It is projected that all ten subrecipients' award letters were also missing the information.

Recommendation - We recommend that the Corporation revise its grant award letters to be in compliance with Code of Federal Regulations §200.332.

Views of Responsible Officials and Planned Corrective Actions - See corrective action plan by management on page 24.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Status of Prior Audit Findings

Year ended December 31, 2023

There was no prior audit findings for the year ended December 31, 2022.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

Corrective Action Plan

Year ended December 31, 2023

Reference: 2023-001 Subrecipient Monitoring

Criteria

Code of Federal Regulations §200.332 lists the requirements that must be clearly identified to subrecipients.

Corrective Action Plan

The Corporation acknowledges and is aware of this finding. The Chief Executive Officer, Joseph Moody, is the responsible party for the financial statements. The award notifications shall be revised to include language to be in compliance with Code of Federal Regulations §200.332. The Corporation is currently working on the revisions and the anticipated completion date is March 31, 2024.