

_____, 2025

To the Board of Directors
Economic Development Corporation

We have audited the financial statements of Economic Development Corporation (EDC) as of and for the year ended December 31, 2024, and have issued our report thereon dated _____, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 8, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of EDC solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced Director of Finance and Compliance who reviews the draft financial statements prior to issuance and accepts responsibility for them.

Significant Risks Identified

Professional auditing standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements. We have identified the following significant risks:

Management override and improper revenue recognition. These are considered risks due to their potential impact on EDC's financial statements.

Qualitative Aspects of the Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by EDC is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they were reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting EDC's financial statements relate to revenue recognition in Note 1, and functional expenses in Note 8.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements accumulated by us.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of audit procedures. There were no corrected misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Fund's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated _____, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Economic Development Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting EDC, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as EDC's auditors.

This report is intended solely for the information and use of the Board of Directors and management of Economic Development Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MENGEL, METZGER, BARR & CO. LLP

**ECONOMIC DEVELOPMENT CORPORATION
FINANCIAL REPORT
DECEMBER 31, 2024**

ECONOMIC DEVELOPMENT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Economic Development Corporation

Opinion

We have audited the financial statements of Economic Development Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Economic Development Corporation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Economic 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 the 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 Economic 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.

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 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 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 Economic 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 Economic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated ____, 2025 on our consideration of the Economic 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 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 Economic Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Economic Development Corporation's internal control over financial reporting and compliance.

Latham, New York
_____, 2025

ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents	\$ 276,047	\$ 374,241
Investments	267,388	251,326
Accounts receivable	168,668	66,038
Prepaid expenses	22,278	32,710
Total Current Assets	<u>734,381</u>	<u>724,315</u>
Property and Equipment		
Land and land development	130,437	130,437
Furniture and equipment	35,385	35,385
Software and website design	59,909	59,909
Total	<u>225,731</u>	<u>225,731</u>
Less accumulated depreciation and amortization	68,407	65,186
Net Property and Equipment	<u>157,324</u>	<u>160,545</u>
Other Assets		
Right-of-use assets - operating leases	128,040	172,051
Security deposits	3,895	3,895
Total Other Assets	<u>131,935</u>	<u>175,946</u>
TOTAL ASSETS	<u>\$ 1,023,640</u>	<u>\$ 1,060,806</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 2,268	\$ 4,250
Accrued expenses	15,781	16,576
Current portion of operating lease liability	41,967	44,011
Deferred membership dues	55,000	4,000
Refundable advances	26,659	57,000
Total Current Liabilities	<u>141,675</u>	<u>125,837</u>
Long-Term Liabilities		
Long-term portion of operating lease liability	86,073	128,040
Total Long-Term Liabilities	<u>86,073</u>	<u>128,040</u>
Net Assets		
Without donor restrictions:		
Undesignated	226,023	237,060
Board designated	569,869	569,869
Total Net Assets	<u>795,892</u>	<u>806,929</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,023,640</u>	<u>\$ 1,060,806</u>

See accompanying notes to financial statements.

ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Changes in Net Assets Without Donor Restrictions:		
Revenues and gains		
Government grants	\$ 594,001	\$ 524,000
Membership dues	89,910	74,750
Memberships non-cash	9,608	10,943
Annual meeting and other events	4,363	13,718
Interest income	13,655	5,233
Grants	11,067	14,274
Other income	(45)	619
Total Revenues and Gains	<u>722,559</u>	<u>643,537</u>
Expenses		
Economic Development	523,127	512,815
General and Administrative Expenses	210,470	208,263
Total Expenses	<u>733,596</u>	<u>721,078</u>
Decrease in Net Assets Without Donor Restrictions	<u>(11,037)</u>	<u>(77,541)</u>
Net Assets Without Donor Restrictions, Beginning of Year	<u>806,929</u>	<u>884,470</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 795,892</u>	<u>\$ 806,929</u>

See accompanying notes to financial statements.

ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Functional Expenses	<u>Economic Development</u>	<u>General and Administrative</u>	<u>Total</u>
Advertising, marketing and promotion	\$ 49,218	\$ -	\$ 49,218
Business Development	5,504	-	5,504
Depreciation and amortization	1,611	1,611	3,221
Dues - subscriptions	15,390	-	15,390
Development projects / studies	25,374	-	25,374
EDC events	17,351	-	17,351
Equipment lease and maintenance	1,409	1,409	2,818
Insurance	-	4,995	4,995
IT and telephone	36,350	13,998	50,348
Office expenses	5,630	6,929	12,559
Office furniture and equipment	760	759	1,519
Professional services	3,832	18,986	22,818
Real estate taxes and property maintenance	12,063	-	12,063
Rent	20,670	20,670	41,340
Salaries and wages	259,049	114,869	373,918
Pension expense	22,481	5,671	28,152
Employee benefits	24,420	9,963	34,383
Payroll taxes	20,493	9,088	29,581
Utilities	1,482	1,482	2,963
Travel	41	41	81
 Total Expenses	 <u>\$ 523,127</u>	 <u>\$ 210,470</u>	 <u>\$ 733,596</u>

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Functional Expenses	<u>Economic Development</u>	<u>General and Administrative</u>	<u>Total</u>
Advertising, marketing and promotion	\$ 46,867	\$ -	\$ 46,867
Depreciation and amortization	3,438	3,438	6,876
Dues - subscriptions	14,161	-	14,161
Development projects / studies	16,307	-	16,307
EDC events	38,279	-	38,279
Equipment lease and maintenance	1,305	1,305	2,610
Insurance	-	7,330	7,330
IT and telephone	21,638	13,154	34,792
Office expenses	5,643	6,520	12,163
Office furniture and equipment	854	855	1,709
Professional services	6,275	17,170	23,445
Professional development	325	-	325
Real estate taxes and property maintenance	12,134	-	12,134
Rent	20,670	20,670	41,340
Salaries and wages	258,343	109,836	368,179
Pension expense	22,094	7,613	29,707
Employee benefits	24,033	8,340	32,373
Payroll taxes	18,460	10,044	28,504
Utilities	1,815	1,815	3,630
Travel	174	173	347
	<u>512,815</u>	<u>208,263</u>	<u>721,078</u>
Total Expenses	<u>\$ 512,815</u>	<u>\$ 208,263</u>	<u>\$ 721,078</u>

See accompanying notes to financial statements.

ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets from operating activities	\$ (11,037)	\$ (77,541)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	3,221	6,876
(Increase) decrease in assets:		
Accounts receivable	(102,630)	18,962
Prepaid expenses	10,432	(21,899)
Increase (decrease) in liabilities:		
Accounts payable	(1,982)	(2,334)
Accrued expenses	(795)	4,474
Deferred membership dues	51,000	4,000
Refundable advances	(30,341)	-
Net Cash Used by Operating Activities	<u>(82,132)</u>	<u>(67,462)</u>
 Cash Flows From Investing Activities		
Purchase of investments	<u>(16,062)</u>	<u>(251,326)</u>
Net Cash Used by Investing Activities	<u>(16,062)</u>	<u>(251,326)</u>
 Net Decrease in Cash and Cash Equivalents	 (98,194)	 (318,788)
 Cash and Cash Equivalents, Beginning of Year	 <u>374,241</u>	 <u>693,029</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 276,047</u>	 <u>\$ 374,241</u>

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Economic Development Corporation (EDC) was incorporated under the Not-For-Profit Corporation Law in New York State in November 1992. In May 2006, the Organization's name was changed from Warren County Economic Development Corporation to Economic Development Corporation (EDC). EDC was formed to plan and promote, and if necessary, to coordinate and execute programs in the Warren County region of New York aimed at improving the quality of life of its residents by enhancing and diversifying the economy of the region by attracting new industry and/or by encouraging the development of, or retention of, such businesses within the Warren County region.

The Regional Counties Economic Development Loan Fund

During 2017, the Regional Counties Economic Development Loan Fund (the Fund) began operations under a collaborative agreement between EDC and Lake Champlain Lake George Regional Planning Board (LCLGRP). The revolving loan fund of up to \$500,000 will provide loans ranging from \$15,000 to \$225,000 for small to mid-sized businesses within the geographic region which includes Warren, Washington, Franklin, Essex and Clinton Counties. EDC and LCLGRP will each facilitate loans depending on the geographic area the potential borrower operates in as well as the nature of the loan.

Financial resources for the Fund will come from a grant of up to \$250,000 from Empire State Development (ESD). The grant from ESD requires matching funds of up to \$250,000, which will be provided by a group of four (4) participating banks (Banks), each providing loans representing 25% of the required match. The loans from the Banks will be issued to EDC. Financing provided by ESD grants will not have to be repaid. However, as payments are received, EDC will be required to re-loan repayments attributable to ESD grant to new borrowers. As payments are received from borrowers, EDC will be required to make semi-annual payments to the Banks of principal and interest at the WSJ rate per annum. NY Business Development Corporation (NYBDC) will be retained to provide certain administration and portfolio services which will include underwriting, application and loan payment processing. Applications will be reviewed and approved, or denied, by a Loan Review Committee consisting of representatives from EDC, LCLGRP and the Banks.

EDC and LCLGRP will be required to participate in a loan loss reserve fund in an amount sufficient to cover one year's principal and interest payments when there are outstanding loans.

For the years ended December 31, 2024 and 2023, no loan applications have been received and there are no loans outstanding.

Basis of Accounting

EDC prepares its financial statements on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of EDC are presented in accordance with ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of EDC and changes therein are classified and reported as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by the actions of EDC and/or the passage of time and net assets subject to donor-imposed stipulations that they be maintained permanently by EDC.

At December 31, 2024 and 2023, EDC had no net assets with donor restrictions.

Revenue Recognition

Membership seeks to advance economic development opportunities. Membership dues are recognized over the term of the membership (calendar year). For all membership agreements, the performance obligation (term of membership) is for one year. Dues received in advance for the following year are reflected in deferred membership dues in the accompanying statement of financial position. Certain memberships are provided in exchange for goods and services and are measured at fair market value.

EDC's government grant revenue is generated from agreements with various municipalities. Governmental grants are considered non-exchange transactions and are reported as increases in net assets without donor restrictions as the associated barriers are overcome, which generally is furnishing economic and community services. EDC's performance obligation relating to the governmental grants relates to agreements all with durations of one year or less. As a result, EDC is not required to separately disclose aggregate amounts of unsatisfied (or partially satisfied) performance obligations as of the end of the year.

Payments received in advance of the grant conditions being met are considered to be a liability and are reported on the statement of financial position as refundable advances.

The most significant revenue derived from these agreements is with Warren County through which EDC receives reimbursement of its operating expenses, not to exceed the agreement amount. During the years ended December 31, 2024 and 2023, respectively, approximately 71% and 67% of EDC's government grant revenue were derived from the agreement with Warren County, and approximately 19% and 22% were derived from the agreement with the Town of Queensbury.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Revenue and Support Without and With Donor Restrictions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

Property and Equipment

Property and equipment are recorded at cost. For financial statement purposes, depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets involved.

Estimated useful lives of related assets are as follows:

	<u>Years</u>
Furniture and equipment	3 - 6
Software and website design	4

Expenditures for major renewals and betterments that extend the useful lives of property and equipment at a cost of \$2,500 or greater with a minimum useful life of 12 months or more are capitalized. Expenditures for maintenance and repairs or purchases of equipment with a cost of \$2,500 or less or with a useful life of less than 12 months are charged to the appropriate expense as incurred.

For the years ended December 31, 2024 and 2023, depreciation and amortization expense was \$3,221 and \$6,876, respectively.

Land and Land Development Costs

Land and land development costs represent land and improvements held by EDC to further its mission of developing industrial parks and other real estate to attract new business and industry to Warren County. Land and land development costs are stated at cost.

Accounts Receivable and Allowance for Credit Losses

Historically, there is no accounts receivable for membership revenue. Receivables from local governments are accounted for under contribution guidance and therefore, management has determined that an allowance for credit losses is not necessary. Accounts receivable consisted of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Receivables from local governments	\$ 168,668	\$ 65,788
Other receivables	-	250
	<u>\$ 168,668</u>	<u>\$ 66,038</u>

For the years ended December 31, 2024 and 2023, there was no credit loss expense.

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Income Taxes

EDC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided for in these financial statements. In addition, EDC qualifies for the charitable contribution deduction under Section 170(B)(1)(a)(6) and has been classified as an organization that is not a private foundation under Section 509(a).

The tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. EDC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on EDC's financial condition, results of operations or cash flows. Accordingly, EDC has not recorded any liabilities, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2024.

Advertising, Marketing and Promotion

EDC expenses advertising, marketing and promotion costs as they are incurred. These costs for the years ended December 31, 2024 and 2023 were \$49,218 and \$46,867, respectively.

Cash Equivalents

For purposes of the statement of cash flows, EDC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments consist of U.S. Treasury Notes and U.S. Treasury Bills, all investments are carried at fair value.

2. CONCENTRATION OF CREDIT RISK

EDC maintains its cash balances with several financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At times during the year ended December 31, 2024, the account balances at these financial institutions exceeded the federally insured limits. The risk is managed by maintaining all deposits in high-quality financial institutions.

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

3. LEASES

EDC leases a copier and office space. Terms of the leases vary from five to six years. None of the leases provide renewal or termination options at the sole discretion of EDC. The incremental borrowing rate utilized to calculate lease liabilities is based on a practical expedient using the risk free rate at commencement date, as the leases do not provide an implicit borrowing rate. EDC's operating leases do not contain any material guarantees or restrictive covenants. EDC does not have any sublease activities. These leases are included in the right-of-use assets-operating leases and operating lease liability in the accompanying statements of financial position.

EDC incurred lease expense for operating leases with terms in excess of one year of \$44,100 and \$44,112 for the years ended December 31, 2024 and 2023, respectively, which is included in rent and equipment lease and maintenance on the statement of functional expenses. Total cash paid for the amounts included in the measurement of operating lease liabilities during the years ended was \$41,340 and \$41,340 for rent, and \$2,818 and \$2,772 for equipment, respectively.

At December 31, 2024, future payments under the lease liabilities were as follows:

	<u>Operating</u>
2025	\$ 42,030
2026	41,340
2027	41,340
2028	3,445
2029	-
Thereafter	-
Less: present value discount	<u>(115)</u>
Total Present Value of Lease Liabilities	<u><u>\$ 128,040</u></u>

The right-of-use assets obtained in exchange for new operating lease liabilities were \$-0- for both years ended December 31, 2024 and 2023.

Other information related to leases is as follows:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term	3.07 years	4.03 years
Weighted average discount rate	0.06%	0.06%

Short term leases, defined as leases with initial terms of 12 months or less, are not reflected in the accompanying statements of financial position. There were no short-term leases for both years ended December 31, 2024 and 2023.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

4. RETIREMENT PLAN

EDC has a retirement plan in the form of a simplified employee pension (SEP) plan, to which EDC is required to make annual contributions on behalf of eligible employees. For the years ended December 31, 2024 and 2023, EDC made a contribution for eligible employees in the amount of \$28,152 and \$29,707, respectively.

5. CONTINGENCIES

EDC's contracts for services are subject to audit by the funding sources at their discretion. Such audits could result in claims against EDC for disallowed costs. EDC's management believes such claims, if any, which may arise, would be immaterial. As such, no provision for potential claims has been made in the financial statements.

6. FUNCTIONAL EXPENSES

Directly identifiable expenditures are charged to EDC's program for economic development or general and administrative services which includes costs associated with compliance and reporting under New York State's Public Authorities Accountability Act. Expenses related to program support general and administrative including depreciation, dues, IT and telephone, equipment lease and maintenance, office expenses, rent, payroll and benefits are allocated based on roles and responsibilities of various staff members.

7. BOARD DESIGNATED NET ASSETS

EDC's Board of Directors designated certain net assets be set aside for specific purposes. At December 31, 2024 and 2023 these designated funds had balances as follows:

	<u>2024</u>	<u>2023</u>
Operating Reserve	\$ 241,473	\$ 241,473
Property Carrying Costs	110,660	110,660
Queensbury Project Fund	137,433	137,433
Regional Loan Fund	50,303	50,303
Broadband	-	30,000
Unassigned	30,000	-
	<u>\$ 569,869</u>	<u>\$ 569,869</u>

The designated funds were established for the following purposes:

Operating Reserve was established to cover cash-flow shortfalls that may arise due to reliance on a majority of EDC's funding through local municipalities.

Property Carrying Costs was established to cover the carrying costs of real property.

Queensbury Project Fund was established to cover projects specific to the Town of Queensbury outside of the scope of the annual service agreement.

**ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

7. BOARD DESIGNATED NET ASSETS

Regional Loan Fund was established to cover EDC’s portion of a loan loss reserve for the regional loan fund.

Broadband was established to cover projects related to Broadband connectivity in Warren County.

Unassigned is for future projects as determined by the Board of Directors.

8. AVAILABLE RESOURCES AND LIQUIDITY

The EDC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize its available funds. For purposes of analyzing resources available to meet general expenditures over the 12-month period, EDC considers all expenditures related to its ongoing activities of economic development as well as the conduct of services undertaken to support those activities to be expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, EDC operates with a budget and anticipates collecting sufficient revenue to cover general expenditures.

EDC’s governing board has designated funds for specific purposes. Those amounts are identified as board designated net assets in Note 7. In the event the need arises to utilize the board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

At December 31, 2024 and 2023, the following reflects the total financial assets held by the EDC and the amount of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures.

	<u>2024</u>	<u>2023</u>
Financial assets as of December 31	\$ 712,103	\$ 691,605
Less: Amounts set aside for board designations	<u>569,869</u>	<u>569,869</u>
	<u>\$ 142,234</u>	<u>\$ 121,736</u>

9. INVESTMENTS

Fair Value Measurement of Financial Instruments

Generally accepted accounting principles establishes a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset’s or liability’s fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used at December 31, 2024.

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

9. INVESTMENTS

Fair Value Measurement of Financial Instruments

Investments in Money Market, Certificates of Deposit, U.S. Treasury Notes, and U.S. Treasury Bills are valued based on factors such as maturity dates and interest rates.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the EDC believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instrument could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at December 31, 2024 and 2023 are as follows:

<u>2024</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Treasury Notes	\$ -	\$ -	\$ -	\$ -
Money Market	203,556	-	203,556	-
U.S. Treasury Bills	63,832	-	63,832	-
Total Assets at Fair Value	<u>\$ 267,388</u>	<u>\$ -</u>	<u>\$ 267,388</u>	<u>\$ -</u>

<u>2023</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Treasury Notes	\$ 62,262	\$ -	\$ 62,262	\$ -
U.S. Treasury Bills	189,064	-	189,064	-
Total Assets at Fair Value	<u>\$ 251,326</u>	<u>\$ -</u>	<u>\$ 251,326</u>	<u>\$ -</u>

Investment earnings are reflected in the accompanying financial statements and consist of realized and unrealized gains and losses and interest income.

ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

9. INVESTMENTS

Fair Value Measurement of Financial Instruments

Disclosures relating to risk and type of investments as presented above are indicative of the activity and the positions held during the year.

Risks and Uncertainties with Investments

The EDC invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amount reported in the statement of financial position.

10. SUBSEQUENT EVENTS

Management has evaluated events subsequent to the statement of financial position date of December 31, 2024 through _____, 2025 which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require recording or disclosure.

**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
Economic 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 (*Government Auditing Standards*), the financial statements of the Economic Development Corporation (EDC) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise EDC's basic financial statements, and have issued our report thereon dated _____, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered EDC's internal control over financial reporting (internal control) as a basis for designing 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 EDC's internal control. Accordingly, we do not express an opinion on the effectiveness of EDC'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 EDC'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether EDC'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 financial statements. 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 EDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Latham, NY
_____, 2025

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Economic Development Corporation

We have examined the Economic Development Corporation's (EDC) compliance with its investment guidelines and with the requirements of Section 2925 of the New York State Public Authorities Law during the year ended December 31, 2024. EDC's management is responsible for the EDC's compliance with the requirements of Section 2925 of the New York State Public Authorities Law. Our responsibility is to express an opinion on the EDC's compliance with those requirements for the year ended December 31, 2024 based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the EDC's investments are in accordance with the aforementioned requirements, in all material respects. An examination involves performing procedures to obtain evidence about the EDC's compliance with those requirements for the year ended December 31, 2024. The nature, timing, and extent of the of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Economic Development Corporation complied, in all material respects with the aforementioned requirements for the year ended December 31, 2024.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the EDC's compliance with its investment guidelines and with the requirements of Section 2925 of the New York State Public Authorities Law; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the EDC complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over the EDC's compliance with those requirements or other matters; accordingly, we express no such opinions. Our examination disclosed no matters that are required to be reported under *Government Auditing Standards*.

Our examination is not intended to provide any assurance as to the income from investments, fees paid, or investments at the end of the year. This report is for the examination of the EDC's compliance with its investment guidelines and with the requirements of Section 2925 of the New York State Public Authorities Law for the year ended December 31, 2024 and is not suitable for any other purpose.

Latham, NY
_____, 2025



EDC Warren County 2024 Annual Investment Report

As required by Section 2925 (6) of the NYS Public Authorities Law, EDC Warren County has prepared the following Annual Investment Report:

EDC Warren County's Investment Policy was reviewed and re-adopted on March 20, 2024, with no amendments made. The Investment Policy can be viewed with the meeting materials on the Agendas & Minutes page at edcwc.org

- 1. A) Independent Audit Results can be viewed at edcwc.org
B) The Management Letter can be viewed at edcwc.org**

- 2. Record of Investment Income**

In 2024, EDC Warren County's investment income was \$13,504.71

- 3. List of Fees Paid for Investment Services**

In 2024, EDC Warren County's investment fees were \$782.77

- 4. Explanation of any Amendments to the Investment Policy**

In 2024, EDC Warren County had no investment policy amendments to report.

5. EDC Warren County’s Investment Chart:

EDC Warren County SUMMARY OF INVESTMENT HOLDINGS <i>through 12/31/2024</i>					
Institution	Type of Investment	Income for 2024	Rate	Date of Maturity	Balance as of 12/31/2024
NBT Wealth Management	Money Market - Interest	\$1,807.85	4.42%	n/a	\$203,556.47
NBT Wealth Management	U.S. Treasury Bills - Interest	\$13,180.28	4.89%	01/23/2025	\$63,831.80
Total Interest Income		\$14,988.13	4.53%		
Total Realized Gains/(Losses)		\$1,421.07			
Total Market to Market Gains/ (Losses)		(2,914.76)			
TOTAL INVESTMENT INCOME		\$13,504.71			\$267,388.27

2024 Tax Information Statement

Account Number:

00C411

Tax ID Number:

XX-XXX7090

ECONOMIC DEVELOPMENT CORPORATION OF WARR

Dividends and Interest Detail**Interest****Domestic Interest**

Description	Amount of market discount	Amount of bond premium	Gross Interest	Accrued Interest	Amount of interest
Reported on Form 1099-INT					
NBT Wealth Management Money Market			1,807.85		1,807.85
Total Reported on Form 1099-INT			\$1,807.85		\$1,807.85
Total Domestic Interest			\$1,807.85		\$1,807.85

U.S. Government Interest

Description	Amount of market discount	Amount of bond premium	Gross Interest	Accrued Interest	Amount of interest
Reported on Form 1099-INT					
United States Treas Bills 02/01/24			1,696.40		1,696.40
United States Treas Bills 06/06/24			1,659.19		1,659.19
United States Treas Bills 09/03/24			308.18		308.18
United States Treas Bills 09/12/24			845.77		845.77
United States Treas Bills 10/24/24			1,712.59		1,712.59
United States Treas Bills 11/29/24			1,674.82		1,674.82
United States Treas Bills 12/05/24			798.54		798.54
United States Treas Nts 3.0000% 07/31/24			1,890.00	-10.27	1,879.73
U.S. Treasury Bills 05/16/24			2,605.06		2,605.06
Total Reported on Form 1099-INT			\$13,190.55	-\$10.27	\$13,180.28



Important Tax Return Documents Enclosed

EDC
2024 FINAL to PRIOR P&L
January through December 2024

		FINAL	PRIOR	VARIANCE	
		Dec 31, 24	Dec 31, 24		
Ordinary Income/Expense					
Income					
	Contract Services	594,001	594,001	-	
	EDC Events	4,363	4,262	101	Revised GIK amount for IT @ Luncheon
	Grant	11,067	11,067	-	
	Member Contribution	99,518	99,518	-	
	Non-Operating Income	13,611	13,611	-	
	Total Income	722,559	722,458	101	
	Gross Profit	722,559	722,458	101	
Expense					
	Amortization	-	2,000	(2,000)	MMB adj new
	BOARD & ORG DEVELOPMENT				
	Accounting	16,164	16,164	-	
	EDC Events	17,352	17,250	101	Revised GIK amount for IT @ Luncheon
	Insurance - Business	4,995	7,532	(2,537)	revise prepaid insurance
	Legal	4,126	4,126	-	
	BOARD & ORG DEVELOPMENT - Other	5,504	5,504	-	
	Total BOARD & ORG DEVELOPMENT	48,139	50,575	(2,435)	
	Depreciation	3,221	5,000	(1,779)	MMB adj new
	PERSONNEL				
	Disability/PFL	(236)	(236)	-	
	fsa account	-	-	-	
	Insurance	34,619	34,619	-	
	Payroll Administration Fees	2,528	2,528	-	
	Payroll Taxes	29,580	29,543	38	revised accrued amounts
	Retirement Contributions	28,151	25,938	2,214	
	Salary - EDC	373,918	373,854	64	
	Total PERSONNEL	468,561	466,246	2,315	
	PROGRAM EXPENSES				
	Consultant (ARPA)	7,509	7,509	-	
	Capacity Planning/Prod Improv	17,865	17,865	-	
	Dues-Subscript	15,390	15,390	-	
	Hardware	-	-	-	
	Hosting/Meeting-Marketing	17,844	19,494	(1,650)	recorded vendor credit
	Marketing-Contracted Services	31,374	31,374	-	
	Property Maintenance	4,169	4,169	-	
	Property Taxes	7,894	7,894	-	
	Website Maintenance	22,352	22,352	-	
	Total PROGRAM EXPENSES	124,397	126,047	(1,650)	
	Bank/CC/Service Fees	1,300	1,300	-	
	TOTAL OVERHEAD				
	Gas & Electric	2,963	2,963	-	
	Connectivity	6,200	6,200	-	
	Copier	2,818	2,818	-	
	FF&E	1,519	1,519	-	
	Hardware/system maintenance	20,847	20,797	50	removed vendor credit
	Janitorial Service	4,608	4,608	-	
	miscellaneous	2	2	-	
	Office Supplies	6,649	6,649	-	
	Rent	41,340	41,340	-	
	Software	949	949	-	
	Total TOTAL OVERHEAD	87,895	87,845	50	
	Travel Reimburse	81	81	-	
	Total Expense	733,595	739,094	(5,499)	
	Net Ordinary Income	(11,035)	(16,636)	5,601	
Other Income/Expense					
	Other Income				
	pass-thru	-	-	-	
	Total Other Income	-	-	-	
	Net Other Income	-	-	-	
	Net Income	(11,035)	(16,636)	5,601	

EDC
2024 FINAL to PRIOR Balance Sheet

As of December 31, 2024

		FINAL Dec 31, 24	PRIOR Dec 31, 24	VARIANCE	
ASSETS					
Current Assets					
	Checking/Savings	543,436	543,436	-	
	Accounts Receivable	168,668	168,668	-	
	Other Current Assets			-	
	Prepaid Expenses	17,815	17,815	-	
	Prepaid Insurance	2,536	-	2,536	set up monthly disbursement
	Prepaid taxes	1,927	1,927	-	
	Security Deposit	3,895	3,895	-	
	Total Other Current Assets	26,173	23,637	2,536	
	Total Current Assets	738,277	735,741	2,536	
	Fixed Assets	146,074	142,295	3,779	MMB Amort/Depr adj
	Other Assets			-	
	Right of Use Asset	128,040	172,051	(44,011)	MMB adj. Rent & Copier leases
	Software License	11,250	11,250	-	
	Total Other Assets	139,290	183,301	(44,011)	
	TOTAL ASSETS	1,023,641	1,061,337	(37,696)	
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
	Accounts Payable	2,268	3,918	(1,650)	Behan credit assigned late
	Other Current Liabilities			-	
	ST Lease Liability	41,967	44,011	(2,044)	MMB adj. ST Lease Liability
	Deferred Income - Other	26,659	26,659	-	
	Deferred Income - Membership	55,000	55,000	-	
	Accrued Expense	4,019	581	3,439	Expenses billed late
	Accrued Payroll	11,486	11,384	101	correction
	SEP/IRA Salary Deferrals	275	1,450	(1,175)	moved to accrued expense
	Total Other Current Liabilities	139,407	139,086	321	
	Total Current Liabilities	141,675	143,003	(1,329)	
	Long Term Liabilities	86,073	128,040	(41,967)	MMB adj. LT Lease Liability
	Total Liabilities	227,748	271,043	(43,296)	
Equity					
	Board Designated	432,436	432,436	-	
	Restricted Funds			-	
	Queensbury Projects	137,433	137,433	-	
	Total Restricted Funds	137,433	137,433	-	
	Retained Earnings	237,060	237,060	-	
	Net Income	(11,036)	(16,636)	5,600	
	Total Equity	795,894	790,294	5,600	
	TOTAL LIABILITIES & EQUITY	1,023,641	1,061,337	(37,696)	