

**Carthage Industrial Development Corporation**  
**Financial Statements**  
**With Independent Auditors' Report**  
**For the Years Ended December 31, 2022 and 2021**

**Carthage Industrial Development Corporation**  
**Table of Contents**  
**December 31, 2022 and 2021**

Independent Auditors' Report.....	1
Financial Statements:	
Statement of Financial Position.....	4
Statements of Activities.....	5
Statements of Functional Expenses.....	7
Statement of Cash Flows.....	9
Notes to Financial Statements .....	10
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 <i>Government Auditing Standards</i> .....	20

**STACKEL & NAVARRA, C.P.A., P.C.**  
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**Independent Auditors' Report**

Board of Directors  
Carthage Industrial Development Corporation

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Carthage Industrial Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 Carthage Industrial Development Corporation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**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 (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 Carthage Industrial Development 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.

# STACKEL & NAVARRA, C.P.A., P.C

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## **Prior Period Financial Statements**

The financial statements of Carthage Industrial Development Corporation as of December 31, 2021 were audited by other auditors whose report dated February 15, 2022 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 Carthage Industrial 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.

## **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 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

**STACKEL & NAVARRA, C.P.A., P.C**

*CERTIFIED PUBLIC ACCOUNTANTS*

- 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 Carthage Industrial 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 Carthage Industrial 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 February 15, 2023 on our consideration of the Carthage Industrial 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, and not to provide an opinion on the effectiveness of Carthage Industrial 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 Carthage Industrial Development Corporation's internal control over financial reporting and compliance.

*Stackel & Navarra, CPA, PC*

Watertown, NY  
February 15, 2023

**Carthage Industrial Development Corporation**  
**Statement of Financial Position**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash	\$ 349,059	\$ 366,476
Certificates of deposit	839,984	635,657
Restricted cash	179,303	149,325
Grants receivable	-	6,500
Rents receivable	64,872	40,651
Accrued interest receivable	-	1,556
Note receivable, current portion	<u>2,867</u>	<u>36,339</u>
Total current assets	<u>1,436,085</u>	<u>1,236,504</u>
Property and equipment, net	<u>2,725,889</u>	<u>2,820,975</u>
Other Assets		
Lease acquisition costs, net	<u>26,178</u>	<u>27,593</u>
Total other assets	<u>26,178</u>	<u>27,593</u>
Total Assets	<u>\$ 4,188,152</u>	<u>\$ 4,085,072</u>
Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	<u>\$ -</u>	<u>\$ 8,333</u>
Total current liabilities	<u>-</u>	<u>8,333</u>
Total liabilities	<u>-</u>	<u>8,333</u>
Net Assets		
Net assets without donor restrictions	4,008,849	3,927,414
Net assets with donor restrictions	<u>179,303</u>	<u>149,325</u>
Total Net Assets	<u>4,188,152</u>	<u>4,076,739</u>
Total Liabilities and Net Assets	<u>\$ 4,188,152</u>	<u>\$ 4,085,072</u>

See notes to financial statements.

**Carthage Industrial Development Corporation**  
**Statement of Activities**  
**Year Ended December 31, 2022**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Ground lease- rental income	\$ 206,263	\$ -	\$ 206,263
Interest income	4,054	177	4,231
Other income	<u>-</u>	<u>29,801</u>	<u>29,801</u>
 Total Support and Revenue	 210,317	 29,978	 240,295
Expenses			
Program services	120,731	-	120,731
Management and general	<u>8,151</u>	<u>-</u>	<u>8,151</u>
 Total Expenses	 <u>128,882</u>	 <u>-</u>	 <u>128,882</u>
 Loss on lease termination	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total Expenses and Losses	 128,882	 -	 128,882
 Change in Net Assets	 81,435	 29,978	 111,413
Net assets, beginning of year	<u>3,927,414</u>	<u>149,325</u>	<u>4,076,739</u>
Net assets, end of year	<u>\$ 4,008,849</u>	<u>\$ 179,303</u>	<u>\$ 4,188,152</u>

See notes to financial statements.

**Carthage Industrial Development Corporation**  
**Statement of Activities**  
**Year Ended December 31, 2021**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Ground lease- rental income	\$ 86,751	\$ -	\$ 86,751
Grant revenue	6,500	-	6,500
Interest income	5,044	151	5,195
Other income	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	98,295	151	98,446
Expenses			
Program services	132,786	-	132,786
Management and general	<u>8,325</u>	<u>-</u>	<u>8,325</u>
Total Expenses	<u>141,111</u>	<u>-</u>	<u>141,111</u>
Loss on lease termination	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses and Losses	141,111	-	141,111
Change in Net Assets	(42,816)	151	(42,665)
Net assets, beginning of year	<u>3,970,230</u>	<u>149,174</u>	<u>4,119,404</u>
Net assets, end of year	<u>\$ 3,927,414</u>	<u>\$ 149,325</u>	<u>\$ 4,076,739</u>

See notes to financial statements.



**Carthage Industrial Development Corporation**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
Accounting fees	\$ 4,324	\$ 4,324	\$ 8,648
Contract services	1,500	1,500	3,000
Dues	-	500	500
Filing fees	-	275	275
Grants to others	15,000	-	15,000
Office expense	-	11	11
Insurance	4,592	-	4,592
Interest	-	126	126
Real estate taxes	229	-	229
Depreciation and amortization	<u>95,086</u>	<u>1,415</u>	<u>96,501</u>
 Total Expenses	 <u>\$ 120,731</u>	 <u>\$ 8,151</u>	 <u>\$ 128,882</u>

See notes to financial statements.

**Carthage Industrial Development Corporation**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Accounting fees	\$ 4,150	\$ 4,150	\$ 8,300
Contract services	1,500	1,500	3,000
Dues	-	250	250
Filing fees	-	275	275
Grants to others	15,000	-	15,000
Main street grant program	6,500	-	6,500
Insurance	4,468	-	4,468
Legal fees	-	485	485
Interest	-	250	250
Other expenses	5,857	-	5,857
Real estate taxes	229	-	229
Bad debt expense	-	-	-
Depreciation and amortization	<u>95,082</u>	<u>1,415</u>	<u>96,497</u>
 Total Expenses	 <u>\$ 132,786</u>	 <u>\$ 8,325</u>	 <u>\$ 141,111</u>

See notes to financial statements.

**Carthage Industrial Development Corporation**  
**Statement of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 111,413	\$ (42,665)
Reconciliation of change in net assets to net cash provided by operating activities:		
Depreciation and amortization	96,501	96,497
Increase (decrease) in operating activities:		
Rents receivable	(24,221)	(34,525)
Grants receivable	6,500	(6,500)
Accrued interest receivable	<u>1,556</u>	<u>5,043</u>
Net cash provided by operating activities	<u>191,749</u>	<u>17,850</u>
Cash flows from investing activities:		
Proceeds from maturity of certificates of deposit	635,657	628,168
Purchase of certificates of deposit	(839,984)	(635,657)
Collection on note receivable	<u>33,472</u>	<u>29,281</u>
Net cash provided by investing activities	<u>(170,855)</u>	<u>21,792</u>
Cash flows from financing activities		
Repayment of long-term debt	<u>(8,333)</u>	<u>(8,333)</u>
Net cash used in financing activities	<u>(8,333)</u>	<u>(8,333)</u>
Net increase in cash	12,561	31,309
Cash, beginning of year	<u>515,801</u>	<u>484,492</u>
Cash, end of year	<u>\$ 528,362</u>	<u>\$ 515,801</u>
Cash	\$ 349,059	\$ 366,476
Restricted cash	<u>179,303</u>	<u>149,325</u>
Total cash	<u>\$ 528,362</u>	<u>\$ 515,801</u>

See notes to financial statements.

**Carthage Industrial Development Corporation**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**1 – Nature of Operations**

The Carthage Industrial Development Corporation (CIDC) was incorporated under the not-for-profit laws of the State of New York on August 26, 1998. CIDC was formed to relieve and reduce unemployment, to promote and provide for additional and maximum employment, to better and to maintain job opportunities, to carry on scientific research for the purpose of aiding the communities of Carthage, West Carthage, the Town of Wilna and the Town of Champion by attracting industry or by encouraging the development or, or retention of, an industry to lessen the burdens of government and to act in the public interest.

CIDC's initial activity was accepting title to the 66-acre former Fort James Paper Mill. Today, CIDC manages the remaining properties including the West End Dam Hydroelectric Facility. CIDC also is engaged in community development activities including the redevelopment of the downtown area of the Villages of Carthage and West Carthage and the development of industrial properties. CIDC's major source of operating revenue is the ground lease payments received from West End Dam Associates relating to the West End Dam Hydroelectric Facility.

**2 – Significant Accounting Policies**

**Basis of Accounting**

CIDC's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

CIDC reports information regarding its financial position and activities according to two classes of net assets: nets assets without donor restrictions and net assets with donor restrictions.

**Net assets without donor restrictions:** Net assets that are not subject to or are no longer subject to donor-imposed stipulations. They are currently available for operating purposes subject only to the broad limits resulting from the nature of CIDC.

**Net assets with donor restrictions:** These are net assets whose use is limited by donor-imposed purpose restrictions.

**Carthage Industrial Development Corporation**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

**Cash**

For purposes of the Statement of Cash Flows, CIDC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. CIDC reported no cash equivalents at December 31, 2022 and 2021.

**Restricted Cash**

During the year ended December 31, 2020, the lease of the hydro facility assigned membership interest to Dichotomy Power, LLC and upon the transfer, the parties agreed to transfer the capital reserve fund from Northbrook Carthage, LLC to CIDC. CIDC is required to hold the capital reserve fund strictly for the use of capital improvements to the West End Dam as outlined in the lease agreement. No withdrawal can be made without the consent of both parties.

**Certificates of Deposit**

Certificates of deposit consist of three certificates, two that bear interest of .30% per annum and one that bears interest of 2.05% per annum and that have maturities ranging from one month to fifteen months, with penalty for early withdrawal. Any penalty would not have a material effect on the financial statements.

**Rents and Grants Receivable**

Rents Receivable and Grants Receivable represent amounts that have been paid for or billed under contracts, grant agreements, or lease agreements as of the date of the financial statements. Receivables are stated at the gross amount and deemed to be fully collectible. Bad debts are directly expensed rather than using an allowance for estimated losses.

**Note Receivable**

Note receivable is stated at the amount CIDC expects to collect from the outstanding balance. As of December 31, 2022 and 2021, CIDC has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. Bad debts will be directly expensed when determined uncollectible.

**Carthage Industrial Development Corporation**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Property and Equipment**

Property and equipment are carried at cost. Expenditures for major renewals and betterments that extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. CIDC does not have a formal capitalization policy. Depreciation is computed on a straight-line basis over their estimated useful lives of 15-50 years. For the years ended December 31, 2022 and 2021, depreciation expense totaled \$95,086 and \$95,082, respectively.

Donated fixed assets are carried at fair market value at time of donation if that value is readily determinable. The West End Dam Hydroelectric Facility is recorded based on the value established by the New York State Office of Real Property Services Utility Valuation Unit using the income approach to value.

**Lease Acquisition Costs**

Lease acquisition costs in the amount of \$42,451, are being amortized on a straight-line basis over the thirty-year term of the West End Dam Hydroelectric Facility lease. For both the years ended December 31, 2022 and 2021, amortization expense for the West End Dam Hydroelectric Facility lease was \$1,415.

**Revenue Recognition**

The majority of CIDC's revenue stream is generated from lease income and interest income on loans which are outside the scope of Topic 606. Rental income results from the ground lease as seen in Note 7. The revenues are recognized in the prior period for which the gross energy sales are generated.

In accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), CIDC has the following revenue sources that are accounted for and recognized as nonreciprocal transactions at the time of transactions:

**Grant Revenue**

The CIDC receives revenue from cost-reimbursable grants and contracts with State agencies and other private grantors, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CIDC has incurred expenditures in compliance with specific contract or grant provisions.

**Carthage Industrial Development Corporation**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Donated Services**

No amounts have been reflected in the financial statements for donated services. CIDC generally pays for services requiring specific expertise.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Certain categories of expenses are directly attributable to community development and rental programs, and therefore are classified as direct program service expenditures. Other costs have been allocated among the program and supporting services benefited based on estimates of time and effort, including accounting fees and contract services.

**Current Vulnerability Due to Certain Concentrations**

CIDC's primary asset is the West End Dam Hydroelectric Facility. The revenue generated by the ground lease represented approximately 84% and 88% of total revenue for the years ended December 31, 2022 and 2021, respectively.

CIDC operates in the Northern New York area and such operations may be affected by local economic conditions.

**Income Tax Status and Open Tax Years**

CIDC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to CIDC's tax-exempt purpose is subject to taxation as unrelated business income. In addition, CIDC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

CIDC's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2021, 2020 and 2019 are subject to examination by the IRS, generally for 3 years after they were filed.

**Date of Management's Review**

CIDC has evaluated events and transactions that occurred between December 31, 2022 and February 15, 2023, which is the date the financial statements were available to be issued, and had determined that there are no additional adjustments and/or disclosures necessary.

**Carthage Industrial Development Corporation**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**3 – Property and Equipment, net**

Property and equipment consisted of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 206,885	\$ 206,885
West End Dam Hydroelectric Facility	<u>4,774,378</u>	<u>4,774,378</u>
Less: Accumulated depreciation	<u>(2,255,374)</u>	<u>(2,160,288)</u>
Property and Equipment, net	<u>\$ 2,725,889</u>	<u>\$ 2,820,975</u>

**4 – Note Receivable**

On July 24, 2012, CIDC approved a short-term demand note to Meadowbrook Terrace, Inc. in the amount of \$250,000. Meadowbrook Terrace, Inc. requested the funds on behalf of its owner, Carthage Area Hospital, to assist with cash flow, and increase working capital. This is part of a larger participation agreement with three other organization which provides a total of \$1,000,000 working capital for Carthage Area Hospital. Per terms of the agreement, commencing on January 1, 2014, monthly installments of principal and interest of \$11,517 will be due, of which 25% will be disbursed to CIDC. The entire principal balance plus accrued, but unpaid interest is due on January 1, 2023. The note receivable balance as of December 31, 2022 and 2021 is \$2,867 and \$36,339, respectively.

Future minimum receipts of the note receivable at December 31, are as follows:

2023	<u>\$2,867</u>
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**5 – Long-term Debt**

CIDC was a guarantor on a \$125,000 note owed to the Village of Carthage by the Carthage Development Group, L.P. (CDG). CIDC agreed to assign its rental and lease income as collateral on the note. The CIDC had been making principal and interest payments on CDG’s behalf to the Village of Carthage in prior years. During the year ended December 31, 2021, the CDG dissolved and the outstanding debt was transferred to the guarantor. CIDC has agreed to make the final payments on the outstanding loan to the Village of Carthage.



**Carthage Industrial Development Corporation**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

The following summarizes the long-term debt payable as of December 31:

	<u>2022</u>	<u>2021</u>
Note payable to Village of Carthage, due in annual installments of \$8,333, plus interest of 1.5%.	\$ -	\$ 8,333
Total Long-term Debt	<u>\$ -</u>	<u>\$ 8,333</u>

The note is considered paid in full at December 31, 2022.

**6 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Capital reserve, Hydro Facility	<u>\$ 179,303</u>	<u>\$ 149,325</u>

**7 – Ground Lease – Rental Income**

CIDC has a thirty-year lease agreement with Northbrook Carthage, LLC (“the project”) which expires June 30, 2041. The lease was amended on October 28, 2016 to provide a more stable financial structure to protect operations of the project. The rent is paid quarterly based on an amount equal to a percentage of the gross energy sales. The percentage varies with the average realized dollar per project megawatt-hour for the relevant trailing four quarters, calculated by dividing total gross energy sales allocable to such trailing four quarter period by the total megawatt-hour sales from the project for such trailing four quarter period.

During the year ended December 31, 2021, the lease assigned and transferred memberships interests to Dichotomy Power, LLC. Northbrook Carthage, LLC will continue to be the tenant under the lease, but simply not be owned by Dichotomy Power, LLC.

Ground lease rental income was \$206,263 and \$86,751 for the years ended December 31, 2022 and 2021, respectively.

Due to the nature and calculations required for future ground lease payments, we are not able to calculate such amounts to disclosure future minimum lease payments. As noted above, the lease is expected to continue through June 30, 2041.

**Carthage Industrial Development Corporation**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**8 – Grants to Others**

For the years ended December 31, 2022 and 2021, CIDC granted the Town of Wilna \$15,000 for each year, to support the coordinated economic and community development projects and programs for the Village of Carthage, West Carthage, and the Towns of Champion and Wilna.

**9 – Contract Services**

For the years ended December 31, 2022 and 2021, CIDC contracted for administrative and bookkeeping services per the administrative services contract, in order to establish effective internal controls and proper segregation of duties. For both years ended December 31, 2022 and 2021, contract service expenditures totaled \$3,000.

**10 – Concentration of Credit Risk**

CIDC maintains cash deposits in one local federally insured bank. At times, the balances in these accounts may be in excess of federally insured limits. At December 31, 2022 and 2021, there were deposits in excess of FDIC coverage. The bank pledges securities as additional collateral.

For the years ended December 31, 2022 and 2021, CIDC's cash and cash equivalent balances that exceeded federally insured limits were fully collateralized.

**11 – Related Party Transactions**

CIDC holds all cash accounts at Carthage Federal Savings & Loan. These are related business transactions as the Bank President is also a board member of CIDC. As of December 31, 2022 and 2021, the accounts totaled \$1,368,346 and \$1,153,015, respectively.

**12 – Liquidity and Availability of Financial Assets**

CIDC monitors its liquidity so that it is able to meet the operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The following table reflects CIDC's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date.

**Carthage Industrial Development Corporation**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 349,059	\$ 366,476
Certificates of deposit	839,984	635,657
Restricted cash	179,303	149,325
Grants receivable	-	6,500
Rents receivable	64,872	40,651
Accrued interest receivable	-	1,556
Note receivable, net	<u>2,867</u>	<u>36,339</u>
Financial assets as of December 31	<u>1,436,085</u>	<u>1,236,504</u>
Less those unavailable for general expenditures within one year:		
Purpose restriction - capital reserve, Hydro Facility	<u>(179,303)</u>	<u>(149,325)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,256,782</u>	<u>\$ 1,087,179</u>

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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Carthage Industrial 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 Carthage Industrial Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the organization's basic financial statements and have issued our report thereon dated February 15, 2023.

**Report on Internal Control over Financial Reporting**

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

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

# STACKEL & NAVARRA, C.P.A., P.C

CERTIFIED PUBLIC ACCOUNTANTS

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carthage Industrial Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stackel & Navarra, CPA, PC*

Watertown, New York

February 15, 2023