

WATERTOWN INDUSTRIAL
CENTER LOCAL DEVELOPMENT
CORPORATION

FINANCIAL STATEMENTS

June 30, 2026

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS WATERTOWN INDUSTRIAL CENTER LOCAL DEVELOPMENT CORPORATION

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Watertown Industrial Center Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, 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 financial statements present fairly, in all material respects, the financial position of Watertown Industrial Center Local Development Corporation as of June 30, 2026, and the changes in 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 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 Watertown Industrial Center Local 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 Watertown Industrial Center Local Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Watertown Industrial Center Local Development Corporation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Watertown Industrial Center Local Development Corporation's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2026, on our consideration of Watertown Industrial Center Local Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Watertown Industrial Center Local 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 Watertown Industrial Center Local Development Corporation's internal control over financial reporting and compliance.

Bowen & Company CPAs, PLLC

Watertown, New York
September 22, 2026

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

June 30, 2026 with Comparative Totals for 2025

	ASSETS	
	2026	2025
CURRENT ASSETS		
Cash	\$ 370,067	\$ 331,494
Accounts Receivable, Net of Allowance for Credit Losses of \$19,138 in 2026 and \$0 in 2025	<u>16,989</u>	<u>32,088</u>
Total Current Assets	387,056	363,582
Property and Equipment, Net	<u>2,063,173</u>	<u>2,179,583</u>
TOTAL ASSETS	<u><u>\$ 2,450,229</u></u>	<u><u>\$ 2,543,165</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,838	\$ 61,546
Accrued Expenses	1,480	1,524
Unearned Revenue	122,485	-
Current Portion of Long-Term Debt	<u>23,527</u>	<u>22,832</u>
Total Current Liabilities	159,330	85,902
Long-Term Debt	<u>90,340</u>	<u>113,867</u>
Total Liabilities	<u>249,670</u>	<u>199,769</u>
NET ASSETS		
Net Assets Without Donor Restrictions		
Operating	123,342	152,582
Board Designated	127,911	147,930
Investment in Property and Equipment	<u>1,949,306</u>	<u>2,042,884</u>
Total Net Assets	<u>2,200,559</u>	<u>2,343,396</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,450,229</u></u>	<u><u>\$ 2,543,165</u></u>

See notes to audited financial statements.

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2026 with Comparative Totals for 2025

	2026	2025
SUPPORT AND REVENUE		
Rental Revenue	\$ 551,291	\$ 532,229
Grant Revenue	-	265,252
Tenant Improvement Reimbursement Revenue	27,515	160,363
Other Revenue	13,935	2,446
Total Support and Revenue	592,741	960,290
EXPENSES		
Program Services - Development of Industrial Center	613,414	570,512
Support Services - General and Administrative	122,164	83,986
Total Expenses	735,578	654,498
Changes in Net Assets	(142,837)	305,792
Net Assets, Beginning of Year	2,343,396	2,037,604
Net Assets, End of Year	\$ 2,200,559	\$ 2,343,396

See notes to audited financial statements.

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2026 with Summarized Totals for 2025

	Program Services	Management and General	Totals 2026	2025 (Summarized)
Salaries	\$ 101,095	\$ 44,583	\$ 145,678	\$ 134,019
Employee Benefits	14,743	4,527	19,270	18,217
Payroll Taxes	12,070	3,706	15,776	15,743
Depreciation	173,787	1,755	175,542	160,560
Insurance	65,120	1,777	66,897	69,025
Interest Expense	3,789	-	3,789	5,098
Marketing Materials	10,302	104	10,406	9,688
Miscellaneous	-	275	275	250
Office Expense	-	16,674	16,674	15,223
Professional Services	-	27,276	27,276	13,884
Real Property Taxes	36,290	367	36,657	33,898
Repairs and Maintenance	105,453	1,065	106,518	88,380
Credit Loss Expense	-	19,138	19,138	-
Telephone and Utilities	90,765	917	91,682	90,513
TOTAL EXPENSES	\$ 613,414	\$ 122,164	\$ 735,578	\$ 654,498

See notes to audited financial statements.

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2026 with Comparative Totals for 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ (142,837)	\$ 305,792
Adjustments to Reconcile Changes in Net Assets		
To Net Cash Provided by Operating Activities:		
Grant and Tenant Improvement Reimbursement Income		
Restricted for Capital Improvement	(27,515)	(300,363)
Depreciation	175,542	160,560
Credit Loss Expense	19,138	-
(Increase) Decrease in Assets:		
Accounts Receivable	4,057	(5,044)
Rents Receivable	(8,096)	(7,858)
Increase (Decrease) in Liabilities:		
Accounts Payable	(49,708)	52,870
Accrued Expenses	(44)	18
Unearned Revenue	122,485	(125,252)
	<u>93,022</u>	<u>80,723</u>
Net Cash Provided by Operating Activities	<u>93,022</u>	<u>80,723</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Grant and Tenant Improvement Reimbursement Income		
Restricted for Capital Improvements	27,515	300,363
Property and Equipment Acquisitions	(59,132)	(441,738)
	<u>(31,617)</u>	<u>(141,375)</u>
Net Cash Used in Investing Activities	<u>(31,617)</u>	<u>(141,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Long-Term Debt	(22,832)	(68,142)
	<u>(22,832)</u>	<u>(68,142)</u>
Net Cash Used in Financing Activities	<u>(22,832)</u>	<u>(68,142)</u>
Net Increase (Decrease) in Cash	38,573	(128,794)
Cash - Beginning of Year	<u>331,494</u>	<u>460,288</u>
Cash - End of Year	<u><u>\$ 370,067</u></u>	<u><u>\$ 331,494</u></u>

See notes to audited financial statements.

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

NOTE 1 – NATURE OF OPERATIONS

Watertown Industrial Center Local Development Corporation (the Corporation) is a non-profit organization, which was incorporated in New York State on June 7, 1994. The Corporation is involved in developing an industrial center in the City of Watertown, NY by providing low cost rental space to industry.

The mission of the Watertown Industrial Center Local Development Corporation is to facilitate job creation and retention in the community by providing eligible businesses with suitable leased facilities at rental rates and other conditions that help businesses succeed.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Watertown Industrial Center Local Development Corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Corporation reports information regarding its financial position and activities according to one class of net assets: net assets without donor restrictions.

Net Assets Without Donor Restrictions – Are currently available for operating purposes subject only to the broad limits resulting from the nature of the organization or invested in property and equipment. Net assets without donor restrictions generally result from rental revenue, less expenses incurred in providing program-related services and performing administrative functions.

Cash

For purposes of the Statement of Cash Flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents for the years ended June 30, 2026 and 2025.

Income Tax Status

The Corporation is a not-for-profit organization and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Open Tax Years

The Corporation's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2024, 2023, and 2022 are subject to examination by the IRS, generally for 3 years after they were filed. Based on its analysis, the Corporation determined that there were no uncertain tax positions and that the Corporation should prevail upon examination by the taxing authorities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Accounts Receivable, Net

Accounts receivable include tenant rents receivable, tenant utilities receivable, and other short-term receivables that are non-interest bearing. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end.

Management reviews accounts receivable on a periodic basis to determine if any receivables may potentially be uncollectible and maintains an allowance for credit losses to reduce outstanding receivables to their net realizable value. A considerable amount of judgment is required when determining expected credit losses. Estimates of such losses are recorded when management believes a customer, or group of customers, may not be able to meet their financial obligations due to a deterioration in financial condition or credit rating. Factors relevant to the assessment include prior collection history with customers, the related aging of past due balances, projections of credit losses based on historical trends in credit quality indicators or past events, and forecasts of future economic conditions. At June 30, 2026 and 2025, management had recorded an allowance for credit losses in the amount of \$19,138 and \$0, respectively.

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts Receivable, Net - continued

The change in allowance for credit losses for the year ended June 30 were as follows:

	2026	2025
Balance at beginning of Year	\$ -	\$ -
Allowance Established on Uncollectible Accounts	19,138	-
Balance at End of Year	<u>\$ 19,138</u>	<u>\$ -</u>

Unearned Revenue

The Corporation is the recipient of grants that require expenditure for specified activities before the Corporation is reimbursed by the grantor for the costs incurred. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as unearned revenue.

The Corporation also receives reimbursement income from tenants to reimburse the Corporation for capital improvements to the leased space at the facility.

Revenue Recognition

In accordance with ASU 2014-09, “*Revenue from Contracts with Customers*” (Topic 606), the Corporation recognizes revenue when control of the promised goods or services are transferred to the Corporation’s outside parties in an amount that reflects the consideration the Corporation expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized when performance obligations within a contract are satisfied.

Rental Revenue

The Corporation receives substantially all of its revenue from the leasing of office and manufacturing space in four buildings owned by the Corporation.

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition - continued

Tenant Improvement Reimbursement Revenue

The Corporation received reimbursement from tenants for capital improvements.

In accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, the Corporation recognizes nonreciprocal transactions at the time of transaction for the following revenue sources:

Federal and Local Grants

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

Functional Allocation of Expenses

Expenses consist of costs related to providing economic development and administrative functions. The Corporation's operating costs have been allocated based on direct identification when possible, and allocation if a single expenditure benefits more than one function. Expenditures that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expenditure. Compensation and benefits are allocated based on estimates of time and effort. Occupancy costs and depreciation are allocated on a square footage basis.

Property and Equipment

Property and equipment are recorded at cost or fair value at the date of acquisition. Watertown Industrial Center Local Development Corporation follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Category	Recovery Period Years
Buildings and Improvements	5 - 30
Furniture, Fixtures, and Equipment	5 - 10

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value of Financial Instruments

The carrying value of the notes payable approximates fair value because it bears interest at a rate that approximates current market rates for notes with similar maturities and credit quality.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2025, from which the summarized information was derived.

Statement of Cash Flows

There were no noncash investing and financing activities during 2026 and 2025.

	2026	2025
Cash Paid During the Year For:		
Interest	\$ 3,789	\$ 5,098

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Date of Management's Review

Management has evaluated subsequent events and transactions that occurred between June 30, 2026 and September 22, 2026, which is the date the financial statements were available to be issued, and has determined that there are no additional adjustments and/or disclosures necessary.

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

NOTE 3 – CASH

Cash consists of the following at December 31:

	2026	2025
Checking Accounts	\$ 62,789	\$ 153,176
Savings Accounts	307,278	178,318
Total	<u>\$ 370,067</u>	<u>\$ 331,494</u>

NOTE 4 – PROPERTY AND EQUIPMENT, NET

The major categories of property and equipment as of June 30, are as follows:

	2026	2025
Land	\$ 205,000	\$ 205,000
Buildings and Improvements	6,622,613	6,622,613
Furniture, Fixtures and Equipment	68,568	67,217
Construction in Progress	<u>56,683</u>	<u>-</u>
Total	6,952,864	6,894,830
Less: Accumulated Depreciation	<u>(4,889,691)</u>	<u>(4,715,247)</u>
Net Property and Equipment	<u>\$ 2,063,173</u>	<u>\$ 2,179,583</u>

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

**NOTE 5 – RELATED PARTY AGREEMENTS AND
TRANSACTIONS**

In 2014, the Corporation entered into a ten-year lease agreement with Jefferson County Local Development Corporation, who rents office space from the Corporation. The lease was executed for the period October 1, 2014 through September 30, 2024. Monthly rental payments were \$1,535 for the prior year through April 30, 2025. In May 2025, the agreement renewed, and the current lease was extended for the period May 1, 2025 through April 30, 2030. Monthly rental payments were \$4,764 for the current year and thereafter. Rental income, including rent surcharges, received during the years ended June 30, 2026 and 2025 was approximately \$57,000 and \$25,000, respectively.

In 2010, the Corporation entered into a participation loan with Watertown Local Development Corporation and Jefferson County Local Development Corporation in the amount of \$400,000. The loan was obtained in order to finance the replacement of the Building A roof. The note is for a 20-year term, with payments beginning January 1, 2011, through January 1, 2031, at an interest rate of 3.00%. During the years ended June 30, 2026 and 2025, the Corporation made principal and interest payments of approximately \$27,000 in both years.

In 2015, the Corporation entered into a loan with Watertown Local Development Corporation in the amount of \$482,791. The loan was for renovations of office space for the use of Jefferson County Local Development Corporation. The note is for a 10-year term, with payments beginning May 1, 2015, through April 1, 2025, at an interest rate of 3.00%. During the year ended June 30, 2025, the Corporation made principal and interest payments of \$47,000 and the loan was paid in full.

Note Payable	Interest Rate	June 30, 2026		June 30, 2025	
		Current	Long-Term	Current	Long-Term
WLDC Loan #1	3.00%	<u>\$ 23,527</u>	<u>\$ 90,340</u>	<u>\$ 22,832</u>	<u>\$ 113,867</u>
Total		<u><u>\$ 23,527</u></u>	<u><u>\$ 90,340</u></u>	<u><u>\$ 22,832</u></u>	<u><u>\$ 113,867</u></u>

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

**NOTE 5 – RELATED PARTY AGREEMENTS AND
TRANSACTIONS – Continued**

The following is outstanding at year-end:

2027	\$ 23,527
2028	24,244
2029	24,980
2030	25,739
2031	15,377
	\$ 113,867

NOTE 6 – PROPERTY SUBJECT TO OPERATING LEASES

The following schedule provides the carrying amounts of the Corporation's property subject to operating leases as of June 30:

	2026	2025
Land	\$ 205,000	\$ 205,000
Buildings and Improvements	6,622,613	6,622,613
Total	6,827,613	6,827,613
Less: Accumulated Depreciation	(4,826,171)	(4,652,051)
Net Property on Operating Leases	\$ 2,001,442	\$ 2,175,562

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

NOTE 7 – RENTALS UNDER OPERATING LEASES

The scheduled future rental payments under current operating leases as of June 30, are as follows:

2027	\$ 447,955
2028	344,924
2029	323,378
2030	292,272
2031	161,290
	\$ 1,569,819

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

The Corporation maintains its cash balances in financial institutions located in Watertown, NY. Interest-bearing deposits and non-interest-bearing deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2026 and 2025, approximately \$0 of the Corporation's cash balances were uninsured and uncollateralized for both years.

NOTE 9 – GRANT REVENUE

On November 17, 2023, the Corporation received an ARPA grant from Jefferson County in the amount of \$150,000 for rehabilitation of buildings, grounds, and drainage infrastructure at the Corporation's facility. On August 16, 2024, the Corporation received an additional \$140,000 from the ARPA grant. For the year ended June 30, 2026 and 2025, the Corporation expended \$0 and \$265,252, respectively, of the grant funds and recognized such amounts as grant revenue for the years then ended. All grant funds were expended as of June 30, 2026.

NOTE 10 – RETIREMENT PLAN

In 2013, the Corporation established a 401(k) Profit Sharing Pension Plan. The Plan is administered by RBC Wealth Management. The employer non-elective contribution and the employer match were set at 6% and up to 3%, respectively, of the employees' annual salary for the years ended June 30, 2026 and 2025. All full-time employees are covered by the Plan. For the years ended June 30, 2026 and 2025, the Corporation made contributions in the amount of \$8,700 and \$8,000, respectively.

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

NOTE 11 – UNEARNED REVENUE

The following table provides information about significant changes in unearned revenue for the years ended June 30:

	2026	2025
Unearned revenue, Beginning of year	\$ -	\$ 125,252
Increase in unearned revenue		
Grant Revenue Received	-	140,000
Tenant Improvement Reimbursement Revenue	150,000	-
Revenue recognized during the year	<u>(27,515)</u>	<u>(265,252)</u>
Unearned revenue, End of year	<u>\$ 122,485</u>	<u>\$ -</u>

NOTE 12 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Undesignated net assets include revenue and support to develop and maintain the industrial center and for general operating purposes.

Board designated net assets that have been appropriated by the Board from undesignated net assets for specific future needs as of June 30, are as follows:

	2026	2025
Leasehold Improvement	\$ 87,038	\$ 118,848
Capital Improvement Fund	<u>40,873</u>	<u>29,082</u>
Total	<u>\$ 127,911</u>	<u>\$ 147,930</u>

**WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS

June 30, 2026 with Comparative Totals for 2025

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation 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 the Corporation's financial assets as of June 30, 2026 and 2025, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because the assets are not convertible to cash within one year.

	2026	2025
Financial Assets:		
Cash	\$ 370,067	\$ 331,494
Accounts Receivable, Net	<u>16,989</u>	<u>32,088</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 387,056</u>	<u>\$ 363,582</u>

The Corporation has adopted a balanced budget and operates within their budget on an annual basis. The Corporation has sufficient revenue sources to fund general expenditures throughout the year. Refer to the Statement of Cash Flows which identifies the sources and uses of the corporation's cash and shows a positive cash flow generated by operations for the years ended June 30, 2026 and 2025.

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

**TO THE BOARD OF DIRECTORS
WATERTOWN INDUSTRIAL CENTER
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 Watertown Industrial Center Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Watertown Industrial Center Local Development Corporation's internal control over financial reporting (internal control) as a basis for designing the 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 Watertown Industrial Center Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Watertown Industrial Center Local Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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.

Bowen & Company CPAs, PLLC

Watertown, New York
September 22, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 2925(3)(F)
OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

**TO THE BOARD OF DIRECTORS
WATERTOWN INDUSTRIAL CENTER
LOCAL DEVELOPMENT CORPORATION**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of , Watertown Industrial Center Local Development Corporation which comprise the statement of financial position as of June 30, 2026, 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 September 22, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Organization failed to comply with the Organization's Investment Policy, The New York State Comptroller's Investment Guidelines, and Section 2925(3)(F) of the NYS Public Authorities Law during the year ended June 30, 2026. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such investment guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Organization's noncompliance with the above rules and regulations.

This report is intended solely for the information and use of management of the Organization, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be, and should not be, used by anyone other than these specified parties.

Bowers & Company CPAs, PLLC

Watertown, New York
September 22, 2026

To Management and the Board of Directors of
Watertown Industrial Center Local Development Corporation

In planning and performing our audit of the financial statements of Watertown Industrial Center Local Development Corporation as of and for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered Watertown Industrial Center Local Development Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comment and suggestion regarding the matter.

Measurement of Credit Losses

The FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changed the method for recognizing credit impairments of financial assets during a prior year. The current expected credit loss (CECL) model added by ASU 2016-13 expands the information organizations are required to consider when estimating credit losses and lowers the threshold for recognized losses. Under the model, expected credit losses are to be measured based on historical experience, current conditions, and reasonable and supportable forecasts.

Also, the standard has provided additional practical expedient and accounting policy election for estimating credit losses, for fiscal years beginning after December 15, 2025. The practical expedient would allow the Organization to assume current conditions as of the fiscal year end do not change for the remaining life of the current receivables. Therefore, the Organization will not need to develop reasonable and supportable forecasts of future economic events. There is also an accounting policy election to consider cash collection activity after the fiscal year end date when estimating expected credit losses on current receivables and would have to be elected by the Organization

Recommendation

We recommend that the Organization update their credit policy to include the methodology for calculating the expected credit loss allowance on accounts receivable in accordance with ASU 2016-13. The assumptions used to calculate the allowance should be documented on a regular basis and should include calculations of historical experiences, and data on current conditions. The assumptions and measurements used to calculate an allowance for credit losses should be documented with supporting factors, and calculations and support submitted to the Board for approval.

We will review the status of this comment during our next audit engagement. We have already discussed the comment and suggestion with various Organization personnel, and we will be pleased to discuss in further detail at your convenience, to perform any additional study of the matters, or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of management, the Board of Directors, oversight agencies, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Bowers & Company CPAs, PLLC". The signature is written in dark ink and is positioned below the "Sincerely," text.

Watertown, New York

September 22, 2026

September 22, 2026

To the Board of Directors
Watertown Industrial Center Local Development Corporation

We have audited the financial statements of Watertown Industrial Center Local Development Corporation for the year ended June 30, 2026, and have issued our report thereon dated September 18, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 5, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Watertown Industrial Center Local Development Corporation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2026. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation is based on an analysis of fixed assets and depreciation calculations. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the functional expense allocation is based on time and effort. We evaluated the methods, assumptions, and data used to develop the expense allocations in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 22, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Board of Directors
Watertown Industrial Center Local Development Corporation
September 22, 2026
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,

Bowers & Company CPAs, PLLC

Material Adjusting Journal Entries for Year Ending June 30, 2026:

Adjusting Journal Entries JE # 5			
Per Billy Soluri, create an allowance for Modern Moving			
731001	BAD DEBT EXPENSE	19,138.00	
141100	ALLOWANCE FOR BAD DEBT		19,138.00
Total		19,138.00	19,138.00
Adjusting Journal Entries JE # 103			
To move unearned revenue from other income			
405501	Misc Inc - Oper & Admin	122,485.00	
270000	Refundable Advance		122,485.00
Total		122,485.00	122,485.00