

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".

Watertown, New York

September 22, 2026