

**Clayton Local Development Corporation**  
**(A Non-Profit Corporation)**

**Financial Statements**

**For The Years Ended**  
**December 31, 2019 and 2018**

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A NON-PROFIT CORPORATION)  
FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To The Board Members  
CLAYTON LOCAL DEVELOPMENT CORPORATION  
Clayton, New York

**Report on the Financial Statements**

We have audited the accompanying financial statements of Clayton Local Development Corporation (a Non-Profit Corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility 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; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To The Board Members  
CLAYTON LOCAL DEVELOPMENT CORPORATION

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clayton Local Development Corporation as of December 31, 2019 and 2018, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020 on our consideration of Clayton 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 Clayton 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 Clayton Local Development Corporation's internal control over financial reporting and compliance.

DiMARCO, ABIUSI & PASCARELLA, P.C.

*DiMarco, Abiusi & Pascarella, P.C.*

Syracuse, New York  
March 18, 2020  
Audit Principal: Maria Snyder  
Federal Employer Identification Number: 16-1427749

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A NON-PROFIT CORPORATION)  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2019 and 2018

ASSETS

	2019	2018
<b>ASSETS</b>		
Cash - operating	\$ 10,070	\$ 7,659
Restricted cash	1,358	6,513
Utility Deposit	100	100
Equipment, Net	36,429	48,572
<b>TOTAL ASSETS</b>	<b>\$ 47,957</b>	<b>\$ 62,844</b>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Accounts payable	\$ 2,584	\$ 2,584
Deferred income	10,000	10,000
<b>TOTAL LIABILITIES</b>	12,584	12,584
<b>NET ASSETS</b>		
Without donor restrictions	35,373	50,260
<b>TOTAL NET ASSETS</b>	<b>35,373</b>	<b>50,260</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 47,957</b>	<b>\$ 62,844</b>

See Auditors' Report and Accompanying Notes.

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A NON-PROFIT CORPORATION)  
STATEMENTS OF ACTIVITIES  
For The Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Exchange transactions	\$ 30,000	\$ 30,000
Lease Revenue	4,675	4,675
Contributions	-	5,000
Interest	13	13
	<u>34,688</u>	<u>39,688</u>
 TOTAL REVENUE WITHOUT DONOR RESTRICTIONS		
	<u>34,688</u>	<u>39,688</u>
 EXPENSES		
Program Service - Local Development	38,973	38,973
Management and general	10,602	11,417
	<u>49,575</u>	<u>50,390</u>
 TOTAL EXPENSES		
	<u>49,575</u>	<u>50,390</u>
 DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(14,887)	(10,702)
 NET ASSETS - BEGINNING OF YEAR	<u>50,260</u>	<u>60,962</u>
 NET ASSETS - END OF YEAR	<u>\$ 35,373</u>	<u>\$ 50,260</u>

See Auditors' Report and Accompanying Notes.

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A LIMITED PARTNERSHIP)  
STATEMENTS OF FUNCTIONAL EXPENSES  
For The Years Ended December 31, 2019 and 2018

	Program Service Local Development	Management and General	2019
Fees and permits	\$ -	\$ 50	\$ 50
Insurance	-	1,337	1,337
Leased management fee	26,830	2,981	29,811
Legal fees	-	40	40
Office	-	1,200	1,200
Printing and advertising	-	194	194
Professional fees	-	4,800	4,800
Depreciation	12,143	-	12,143
	<u>\$ 38,973</u>	<u>\$ 10,602</u>	<u>\$ 49,575</u>

	Program Service Local Development	Management and General	2018
Fees and permits	\$ -	\$ 75	\$ 75
Insurance	-	1,337	1,337
Leased management fee	26,830	2,981	29,811
Legal fees	-	60	60
Office	-	1,200	1,200
Printing and advertising	-	378	378
Professional fees	-	5,386	5,386
Depreciation	12,143	-	12,143
	<u>\$ 38,973</u>	<u>\$ 11,417</u>	<u>\$ 50,390</u>

See Auditors' Report and Accompanying Notes.

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A LIMITED PARTNERSHIP)  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (14,887)	\$ (10,702)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	12,143	12,143
Increase (decrease) in:		
Deferred income	-	10,000
 NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	 (2,744)	 11,441
 CASH AND RESTRICTED CASH - BEGINNING OF YEAR	 14,172	 2,731
 CASH AND RESTRICTED CASH - END OF YEAR	 \$ 11,428	 \$ 14,172
 <b>SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION</b>		
Classification of cash and restricted cash:		
Cash - Operating	\$ 10,070	\$ 7,659
Restricted cash	1,358	6,513
	\$ 11,428	\$ 14,172

See Auditors' Report and Accompanying Notes.



CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A NON-PROFIT CORPORATION)  
NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended December 31, 2019 and 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Clayton Local Development Corporation, (the "Corporation"), operates to relieve and reduce unemployment; to promote and provide for additional and maximum employment; to better and maintain job opportunities; to carry on research for the purpose of aiding the communities of the Town and Village of Clayton, New York by attracting business opportunities to said communities or encouraging the development of new, or retention of existing, business opportunities in the communities; lessening the burdens of government; and, to act in the public interest including, promoting reuse of brownfield sites within the Town and Village of Clayton, New York.

The Corporation generates revenue primarily from grants and by providing grant administrative services through partnerships with the Town and Village of Clayton, New York.

The Corporation's operations are concentrated in the Town and Village of Clayton, New York and such territory in proximity to these municipalities in which the use of the Corporation's funds will have substantial positive impact on the economic welfare and prosperity of the Town and Village of Clayton, New York and its inhabitants.

Adoption of New Accounting Standards

On January 1, 2019, the Corporation adopted FASB Accounting Standards Codification 606, *Revenue from Contracts with Customers* (FASB ASC 606), which is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services and satisfaction of performance obligations to a customer in an amount that reflects the consideration expected to be received in exchange for those goods or services. The Corporation applied the modified retrospective method to contracts that were not completed as of January 1, 2019. Results for the reporting period beginning after January 1, 2019 are presented under FASB ASC 606, while prior period amounts were not adjusted and will continue to be reported under the previous accounting standards. The adoption of this standard did not result in any financial statement impacts. See Revenue and Cost Recognition policy in this note for the Corporation's policy. There was not a material impact to revenues as a result of applying FASB ASC 606 for the year ended December 31, 2019, and there have not been significant changes to the Corporation's business processes, systems, or internal controls as a result of implementing the standard.

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A NON-PROFIT CORPORATION)  
NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended December 31, 2019 and 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

As of January 1, 2019, the Corporation adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that restricted cash and cash equivalents be included in beginning and ending cash in the statement of cash flows. The adoption of ASU 2016-18 resulted in the reclassification of certain items related to restricted cash in the cash flows statement for the year ended December 31, 2018.

As of January 1, 2019, the Corporation adopted ASU 2018-08, *Not-For Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires that each transaction be classified as either an exchange transaction or a contribution for the purposes of revenue recognition. The adoption of ASU 2018-08 resulted in the classification of revenue received as exchange transactions which follows FASB ASC 606.

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.

Revenue and Cost Recognition

The Corporation's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Exchange transaction revenue is recognized in the period covered by the contract and costs are expensed as incurred.

Leases are scoped out of FASB ASC 606. Lease revenue is earned over time and costs including depreciation are expensed as incurred. See Note 4.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. In 2018, the Corporation received \$5,000 in contributions without donor restrictions.

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A NON-PROFIT CORPORATION)  
NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended December 31, 2019 and 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2019 and 2018.

Receivables

The Corporation considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Equipment

Equipment has been recorded at cost. Repairs and maintenance not prolonging the useful life of assets are charged to expense in the year incurred and improvements, which extend the useful life of assets, are capitalized. Assets are depreciated over their estimated useful lives using the straight-line depreciation method. Generally, equipment, which has a cost of \$500 or more at the date of acquisition and has an expected useful life of greater than one year, is capitalized.

Advertising Costs

The Corporation uses advertising to notify the public of grant opportunities and to make public announcements. Advertising costs were expensed as incurred. Advertising expense was \$194 and \$378 for December 31, 2019 and 2018, respectfully.

Income Taxes

The Non-Profit Corporation is exempt from income taxes, under section 501(c)(3) of the Internal Revenue Code classified by the Internal Revenue Services as other than a private foundation.

Impairment of Long-Lived Assets

The Corporation reviews its equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. For assets held and used, if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the asset's carrying value over its estimated fair value. No impairment loss has been recognized by the Corporation for the years ended December 31, 2019 and 2018.

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A NON-PROFIT CORPORATION)  
NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended December 31, 2019 and 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reclassification

Certain amounts in the prior year have been reclassified to conform to the current year's financial statement presentation. These reclassifications have no effect on previously reported decrease in net assets.

Subsequent Events

The Corporation has evaluated events and transactions that occurred between December 31, 2019 and March 18, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Note 2. STATEMENT OF FINANCIAL POSITION, ACTIVITIES AND FUNCTIONAL EXPENSES

Basis of Presentation

The financial statements presented reflect Clayton Local Development Corporation's financial assets as of December 31, 2019 and 2018. Clayton Local Development Corporation manages its liquid resources by relying on local banks insured with the Federal Deposit Insurance Corporation (FDIC). Cash balances do not exceed FDIC limits at December 31, 2019. The Board prepares an annual detailed budget to ensure adequate resources to cover programs and collects receivables timely to maximize cash due. In addition, the Board directs payments timely to maximize the time they have access to available cash. Financial assets available within one year of the statement of position date include end of year cash and cash equivalents.

Clayton Local Development Corporation elects to use the indirect method of presenting the statement of cash flows.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is constantly applied. The expenses that are allocated include lease management fee, which is allocated on the basis of estimates of time and effort.

Statement of Cash Flows

There were no non-cash investing or financing activities during 2019 and 2018.

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION  
 (A NON-PROFIT CORPORATION)  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Years Ended December 31, 2019 and 2018

Note 3. CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash and cash equivalent balances at Watertown Savings Bank. At December 31, 2019 and 2018, there were no balances in excess of FDIC coverage.

Note 4. EQUIPMENT

Equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 85,000	\$ 85,000
Accumulated Depreciation	<u>(48,571)</u>	<u>(36,428)</u>
Equipment, Net	<u>\$ 36,429</u>	<u>\$ 48,572</u>

The Corporation's equipment is being leased to the Wood Boat Brewery LLC under an agreement signed March 1, 2015, terminating on March 1, 2022. Lease payments are received annually over the seven-year useful life period, beginning on March 1, 2017 in the amount of \$4,675. The lease agreement contains a bargain purchase option at the end of the lease term.

The following is a schedule by years of future minimum payments required under the lease:

Year Ending December 31:

2020		\$ 4,675
2021		4,675
2022		<u>4,675</u>
Total Minimum Lease Payments		<u>\$ 14,025</u>

Note 5. ACCOUNTS PAYABLE

Accounts payable at December 31, 2019 consist of the following:

Management leasing	<u>\$ 2,584</u>
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Note 6. BOARD DESIGNATED NET ASSETS - RESTRICTED CASH

The Clayton Local Development Corporation's Board has designated \$1,358 and \$6,513 from net assets without donor restrictions for specified Board purposes as of December 31, 2019 and 2018, respectively.

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION  
 (A NON-PROFIT CORPORATION)  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Years Ended December 31, 2019 AND 2018

Note 7. DEFERRED INCOME

Deferred income at December 31, 2019 consists of the following:

Exchange transaction, grant writing Village of Clayton	<u>\$ 10,000</u>
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Note 8. EXCHANGE TRANSACTIONS

The Corporation entered into agreement with the Town of Clayton, New York to be reimbursed for expenses related to the economic development of the Town of Clayton for up to \$10,000 for the years ended December 31, 2019 and 2018.

The Corporation entered into agreement with the Village of Clayton, New York to perform grant writing efforts reimbursable up to \$10,000 for the years ended December 31, 2019 and 2018.

The Corporation entered into agreement with the Village of Clayton, New York to expand and develop the local economic base reimbursable up to \$10,000 for the years ended December 31, 2019 and 2018.

Note 9. RELATED PARTY TRANSACTIONS

The Corporation's Board of Directors includes officials from the Town and Village of Clayton, New York. Any agreements and arrangements the Corporation maintains with these entities are considered related party transactions.

The Corporation had the following transactions with related parties:

	<u>2019</u>	<u>2018</u>
Town of Clayton, New York		
Exchange Transaction - Contracted Services	\$ 10,000	\$ 10,000
Village of Clayton, New York		
Exchange Transaction - Grant Writing	\$ 10,000	\$ 10,000
Exchange Transactions - Contracted Services	\$ 10,000	\$ 10,000
Riverside Media Group		
Printing and Advertising Expense	\$ 194	\$ 378

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A NON-PROFIT CORPORATION)  
NOTES TO THE FINANCIAL STATEMENTS  
For The Years Ended December 31, 2019 AND 2018

Note 9. RELATED PARTY TRANSACTION - CONTINUED

The Corporation also has a management leasing agreement with Clayton Improvement Association (CIA) to provide professional staffing and support services to the Corporation. CIA charged the Corporation for the cost of compensating the leased employees. The management lease fee was \$31,011 for the years ended December 31, 2019 and 2018.

Note 10. CONCENTRATIONS

The Corporation conducts a major portion of its business with related party customers. Approximately 87% of total revenue was received from contracts with these related parties. In addition, these annual contracts are with local government and are subject to change based on changes in economic conditions or by an act at the local government. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional cost to comply with a change.

See Auditors' Report.

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 Members  
CLAYTON LOCAL DEVELOPMENT CORPORATION  
Clayton, NY

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 Clayton Local Development Corporation (a Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2019, 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 March 18, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Clayton Local Development Corporation's internal control over financial reporting (internal control) to determine 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 Clayton Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Clayton Local 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.

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.



To The Board Members  
CLAYTON LOCAL DEVELOPMENT CORPORATION

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Clayton 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

DiMARCO, ABIUSI & PASCARELLA, P.C.

*DiMarco, Abiusi & Pascarella, P.C.*

Syracuse, New York  
March 18, 2020

OTHER  
INFORMATION

CLAYTON LOCAL DEVELOPMENT CORPORATION  
(A NON-PROFIT CORPORATION)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2019

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Clayton Local Development Corporation.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Clayton Local Development Corporation were disclosed during the audit.
4. Clayton Local Development Corporation was determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

None.