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March 30, 2021

To The Board of Directors
Clayton Local Development Corporation
913 Strawberry Lane
Clayton, NY 13624

We have audited the financial statements of Clayton Local Development Corporation for the year ended December 31, 2020, and have issued our report thereon dated March 30, 2021. 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 October 27, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Clayton Local Development Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending December 31, 2020. 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 estimate affecting the financial statements were:

Management's estimate of the allocation of expenses between program services and management and general expenses is based on time and effort. We evaluated the key factors and assumptions used to develop the allocation of expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation expense is based on estimated useful lives of fixed assets over 7 years. We evaluated the key factors and assumptions used to develop the estimated useful lives of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of related parties in Note 8 to the financial statements was sensitive because a significant portion of revenue is derived from related parties.

The disclosure of exchange transactions and contracts in Notes 7 and 9 to the financial statements was sensitive since they are subject to change based on changes in economic conditions or by an act of 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.

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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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, that 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 March 30, 2021.

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.

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 of Clayton Local Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

DiMARCO, ABIUSI & PASCARELLA, P.C.

DiMarco, Abiusi & Pascarella, P.C.