

Clayton Local Development Corporation
(A Non-Profit Corporation)

Financial Statements

For The Years Ended
December 31, 2021 and 2020

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

Contents

	<u>Page</u>
Independent Auditors' Report.....	1-3
Financial Statements:	
Statements of Financial Position	
December 31, 2021 and 2020.....	4
Statements of Activities	
For The Years Ended December 31, 2021 and 2020.....	5
Statements of Functional Expenses	
For The Years Ended December 31, 2021 and 2020.....	6
Statements of Cash Flows	
For The Years Ended December 31, 2021 and 2020.....	7
Notes to the Financial Statements.....	8-14
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</i> <i>Auditing Standards</i>	15-16
Other Information:	
Schedule of Findings and Questioned Costs.....	17



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INDEPENDENT AUDITORS' REPORT

L. Richard Pascarella, Of Counsel
Thomas F. Harrington, Of Counsel

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

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Clayton Local Development Corporation (a Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 Clayton Local Development Corporation as of December 31, 2021 and 2020, 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.

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*, 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 Clayton 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 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 Clayton 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.

To The Board Members
CLAYTON LOCAL DEVELOPMENT CORPORATION

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 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 GAAS 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 Clayton 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 Clayton 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.

To The Board Members
CLAYTON LOCAL DEVELOPMENT CORPORATION

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022 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 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 30, 2022
Audit Principal: Maria Snyder
Federal Employer Identification Number: 16-1427749

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A NON-PROFIT CORPORATION)
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS		2021	2020
ASSETS			
Cash - Operating		\$ 8,410	\$ 5,608
Restricted cash		149,771	1,770
Utility Deposit		100	100
Equipment, Net		12,143	24,286
TOTAL ASSETS		\$ 170,424	\$ 31,764
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable		\$ 2,584	\$ 2,584
Grants payable		130,000	-
Deferred income		18,000	-
TOTAL LIABILITIES		150,584	2,584
NET ASSETS			
Without donor restrictions		19,840	29,180
TOTAL NET ASSETS		19,840	29,180
TOTAL LIABILITIES AND NET ASSETS		\$ 170,424	\$ 31,764

See Auditors' Report and Accompanying Notes.

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A NON-PROFIT CORPORATION)
STATEMENTS OF ACTIVITIES
For The Years Ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Exchange transactions	\$ 37,000	\$ 38,300
Lease Revenue	4,675	4,675
Contributions	-	410
Interest	1	2
	41,676	43,387
EXPENSES		
Program Service - Local Development	38,563	38,973
Management and general	12,453	10,607
	51,016	49,580
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(9,340)	(6,193)
NET ASSETS - BEGINNING OF YEAR	29,180	35,373
NET ASSETS - END OF YEAR	\$ 19,840	\$ 29,180

See Auditors' Report and Accompanying Notes.

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A LIMITED PARTNERSHIP)
STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended December 31, 2021 and 2020

	Program Service Local Development	Management and General	2021
	<u>Development</u>	<u>General</u>	<u>2021</u>
Fees and permits	\$ -	\$ 25	\$ 25
Insurance	-	897	897
Leased management fee	26,420	3,391	29,811
Legal fees	-	-	-
Office	-	1,200	1,200
Printing and advertising	-	310	310
Professional fees	-	6,630	6,630
Depreciation	12,143	-	12,143
	<u>\$ 38,563</u>	<u>\$ 12,453</u>	<u>\$ 51,016</u>

	Program Service Local Development	Management and General	2020
	<u>Development</u>	<u>General</u>	<u>2020</u>
Fees and permits	\$ -	\$ 25	\$ 25
Insurance	-	903	903
Leased management fee	26,830	2,981	29,811
Legal fees	-	-	-
Office	-	1,503	1,503
Printing and advertising	-	195	195
Professional fees	-	5,000	5,000
Depreciation	12,143	-	12,143
	<u>\$ 38,973</u>	<u>\$ 10,607</u>	<u>\$ 49,580</u>

See Auditors' Report and Accompanying Notes.

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A LIMITED PARTNERSHIP)
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (9,340)	\$ (6,193)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,143	12,143
Increase (decrease) in:		
Deferred income	18,000	(10,000)
Grants payable	130,000	-
	150,803	(4,050)
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH		
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	7,378	11,428
CASH AND RESTRICTED CASH - END OF YEAR	\$ 158,181	\$ 7,378
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION		
Classification of cash and restricted cash:		
Cash - Operating	\$ 8,410	\$ 5,608
Restricted cash	149,771	1,770
	\$ 158,181	\$ 7,378

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, 2021 and 2020

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.

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.

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
For The Years Ended December 31, 2021 and 2020

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. The Corporation received \$-0- and \$410 in contributions without donor restrictions for the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020.

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 years 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 years, 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 \$310 and \$195 for December 31, 2021 and 2020, 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.

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
For The Years Ended December 31, 2021 and 2020

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2021 and 2020.

Subsequent Events

The Corporation has evaluated events and transactions that occurred between December 31, 2021 and 2020 and March 30, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

COVID-19

The Organization has evaluated the economic impact of the global virus pandemic outbreak caused by the Coronavirus Disease 2019 (COVID-19) and has determined that resulting effects from COVID-19 could negatively impact its financial condition.

The extent to which the COVID-19 pandemic impacts the Organization going forward will depend on numerous evolving factors which cannot be reliably predicted, including duration and scope of the pandemic; governmental, business, and investors' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or further financial market instability.

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, 2021 and 2020. Clayton Local Development Corporation manages its liquid resources by relying on local banks insured with the Federal Deposit Insurance Corporation (FDIC). 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

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
For The Years Ended December 31, 2021 and 2020

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

Basis of Presentation - Continued

they have access to available cash. Financial assets available within one years of the statement of position date include end of years cash and cash equivalentents.

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 fees, which are allocated on the basis of estimates of time and effort.

Statement of Cash Flows

There were no non-cash investing or financing activities during 2021 and 2020.

Note 3. CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash and cash equivalent balances at Watertown Savings Bank. At December 31, 2021 and 2020, there were no balances in excess of FDIC coverage.

Note 4. EQUIPMENT

Equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 85,000	\$ 85,000
Accumulated Depreciation	<u>(72,857)</u>	<u>(60,714)</u>
Equipment, Net	\$ <u>12,143</u>	\$ <u>24,286</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

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
For The Years Ended December 31, 2021 and 2020

Note 4. EQUIPMENT - CONTINUED

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 year of future minimum payments required under the lease:

Year Ending December 31:

2022	<u>4,675</u>
Total Minimum Lease Payments	<u>\$ 4,675</u>

Note 5. ACCOUNTS PAYABLE

Accounts payable at December 31, 2021 consist of the following:

Management leasing	<u>\$ 2,584</u>
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Note 6. GRANT PAYABLE

The Town of Clayton received funding through the American Rescue Plan Act and has contracted Clayton Local Development fund to administer these funds to address local impacts of COVID-19.

Note 7. DEFERRED REVENUE

Clayton Local Development Corporation has received revenue for grant administration. The Corporation has deferred the revenue to the period in which the grant can be administered.

Note 8. RESTRICTED CASH

Board Designated Net Assets

The Clayton Local Development Corporation's Board has designated \$1,770 and \$1,358 from net assets without donor restrictions for specified Board purposes as of December 31, 2021 and 2020, respectively.

Donor Restricted Cash

Clayton Local Development Corporation received funds to administer a grant for the Town of Clayton. The amount of the grant to be administered is \$130,000 at December 31, 2021. Along with the grant the Corporation received a fee of \$18,000 which is deferred until the grant can be administered.

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
For The Years Ended December 31, 2021 and 2020

Note 9. 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 \$15,000 for the years ended December 31, 2021 and 2020.

The Corporation entered into agreements with the Village of Clayton, New York to perform grant writing efforts reimbursable up to \$12,000 and \$13,000 for the years ended December 31, 2021 and 2020.

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, 2021 and 2020.

The Corporation entered into an agreement with Jefferson County Local Development Corporation to offer loans to businesses impacted by a large construction project in downtown Clayton. The loans are provided by Jefferson County Local Development Corporation and the Corporation receives an application fee. The Corporation received \$-0- and \$300 for the Years ended December 31, 2021 and 2020.

Note 10. 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>2021</u>	<u>2020</u>
Town of Clayton, New York		
Exchange Transaction -		
Contracted Services	\$ 15,000	\$ 15,000
Village of Clayton, New York		
Exchange Transaction -		
Grant Writing	\$ 12,000	\$ 13,000
Exchange Transactions -		
Contracted Services	\$ 10,000	\$ 10,000
Riverside Media Group		
Printing and Advertising Expense	\$ 310	\$ 195

See Auditors' Report.

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A NON-PROFIT CORPORATION)
NOTES TO THE FINANCIAL STATEMENTS
For The Years Ended December 31, 2021 and 2020

Note 10. RELATED PARTY TRANSACTIONS - 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 \$31,314 and \$31,011 for the years ended December 31, 2021 and 2020.

Note 11. CONCENTRATIONS

The Corporation conducts a major portion of its business with related party customers. Approximately 89% 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.



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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 Members
CLAYTON LOCAL DEVELOPMENT CORPORATION
Clayton, New York

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, 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2022.

Report on 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) 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 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 and therefore, material weakness or significant

To The Board Members
CLAYTON LOCAL DEVELOPMENT CORPORATION

Report on 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 30, 2022

OTHER
INFORMATION

CLAYTON LOCAL DEVELOPMENT CORPORATION
(A NON-PROFIT CORPORATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Years Ended December 31, 2021

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.