



SOUTHOLD LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

SOUTHOLD LOCAL DEVELOPMENT CORPORATION
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southold Local Development Corporation
Southold, New York

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Southold Local Development Corporation (the Corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021, and the changes in financial position, 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 (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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 the 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022 on our consideration of the 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 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 the Corporation's internal control over financial reporting and compliance.

Jones, Little + Co, CPAs, LLP

Hampton Bays, New York
February 16, 2022

SOUTHOLD LOCAL DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS	
Current Assets:	
Cash	<u>\$ 170,084</u>
TOTAL ASSETS	<u><u>\$ 170,084</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 1,300</u>
TOTAL LIABILITIES	<u>1,300</u>
NET ASSETS - UNRESTRICTED	<u>168,784</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 170,084</u></u>

See Notes to Financial Statements.

SOUTHOLD LOCAL DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES:	
Administrative fees	<u>\$ 10,946</u>
Total Operating Revenues	<u>10,946</u>
OPERATING EXPENSES:	
Consultant fees	18,400
Other expenses	79
Professional fees	1,300
Website	<u>900</u>
Total Operating Expenses	<u>20,679</u>
NET OPERATING LOSS	(9,733)
NET ASSETS - UNRESTRICTED - BEGINNING OF THE YEAR	<u>178,517</u>
NET ASSETS - UNRESTRICTED - END OF YEAR	<u><u>\$ 168,784</u></u>

See Notes to Financial Statements.

SOUTHOLD LOCAL DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from charges for services	\$ 10,946
Cash payments for contractual expenses	<u>(22,129)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(11,183)</u>
NET DECREASE IN CASH	<u>(11,183)</u>
CASH - BEGINNING OF YEAR	<u>181,267</u>
CASH - END OF YEAR	<u><u>\$ 170,084</u></u>
 RECONCILIATION OF CHANGES IN NET ASSETS TO	
NET CASH USED IN OPERATING ACTIVITIES:	
Changes in net assets	\$ (9,733)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Increase in liabilities:	
Accounts payable and accrued liabilities	<u>(1,450)</u>
	<u><u>\$ (11,183)</u></u>

See Notes to Financial Statements.

SOUTHOLD LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: ORGANIZATION

The Southold Local Development Corporation (the Corporation) is a not-for-profit corporation incorporated on June 27, 2014 under New York Law. The Corporation's purpose is to promote and conduct economic development activities in the Town of Southold and to finance facilities for not-for-profit corporations so that they may acquire, improve, maintain, equip, and furnish such projects. Although the Town of Southold is not financially accountable for the Corporation, it does appoint the Board and as such is considered a related party to the Corporation.

The Corporation uses the Town of Southold (the Town) facilities; there is no written agreement for this arrangement. Also, the Town provided necessary insurance coverage to the Corporation for the year ended December 31, 2021.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Financial Statement Presentation**
The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a statement of cash flows. All of the Corporation's activities are unrestricted net assets.
- b. **Basis of Accounting**
Accounting for revenues and expenses are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.
- c. **Cash**
Cash is composed of available cash balances maintained in bank deposit accounts, which is insured by Federal Deposit Insurance Corporation (FDIC).
- d. **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 and disclosures. Accordingly, actual results could differ from those estimates.
- e. **Income Taxes**
The Corporation is a not-for-profit corporation organized pursuant to sections 402 and 1411 of the New York State Not-for-Profit Corporation laws and is, therefore, exempt from income taxes. The Corporation is also exempt from Federal reporting requirements under Internal Revenue Service Revenue Procedure 95-48, 1995-2 C.B. 418 as a governmental unit or affiliate of a governmental unit described in the procedure.
- f. **Litigation**
The Corporation is subject to litigation in the ordinary conduct of affairs. Management has stated that there is no current litigation.

SOUTHOLD LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Accounting Pronouncements

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued certain accounting standard updates effective December 31, 2021. These standards have had no such impact on the Corporation's financial statements.

New Accounting Pronouncements Not Yet Effective

The FASB has issued certain accounting standards updates as of December 31, 2021 that will become effective in subsequent periods. Management believes that none of the updates would have significantly affected the Corporation's financial accounting measures or disclosures had they been in effect during the fiscal year ended December 31, 2021 and does not believe that any of those pronouncements will have a significant impact on the Corporation's financial statements at the time that they become effective.

NOTE 3: CONDUIT DEBT OBLIGATIONS

The Corporation may issue revenue bonds to provide financial assistance to not-for-profit corporations for the acquisition of construction and equipment facilities for not-for-profits deemed to be in the public interest or refunding high-interest rate debt. The bonds are required to be secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the not-for profit organizations served by the bond issuance.

Neither the Corporation, the Town of Southold, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2021, there was \$29,297,148 of conduit debt outstanding.

NOTE 4: COVID-19 ECONOMIC IMPACT

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. The COVID-19 outbreak is also disrupting supply chains and affecting the production and sales across a range of industries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Corporation is unsure if this matter will negatively impact its operating results. The extent of the impact of COVID-19 on the Corporation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, as well as the impact on the Organization's members and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition of the Corporation or result of operation is uncertain.

NOTE 5: SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through the date of the report February 16, 2022, which was the date the financial statements were available to be issued. No subsequent events were identified.



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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 of Directors of the
Southold Local Development Corporation
Southold, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Southold Local Development Corporation (the Corporation), which comprise the statement of net assets as of December 31, 2021, and the related statements of activities and changes in net assets, and cash flows for the year ended December 31, 2021 and the related notes to the financial statements, and have issued our report thereon dated February 16, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the 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 Corporation'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 would not necessarily 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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.

Jones, Little & Co, CPAs, LLP

Hampton Bays, New York
February 16, 2022