

CARTHAGE INDUSTRIAL
DEVELOPMENT
CORPORATION

FINANCIAL STATEMENTS

December 31, 2021

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CERTIFIED PUBLIC ACCOUNTANTS BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION** (a nonprofit organization), 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 year 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 Carthage Industrial Development Corporation as of December 31, 2021, and the changes in its net assets 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 (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 the Carthage Industrial 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 the 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 the Carthage Industrial 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.

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 generally accepted 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 Carthage Industrial 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 the Carthage Industrial Development Corporation's ability to continue as a going concern for a reasonable period of time.

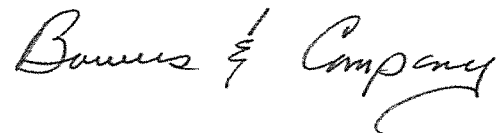
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Carthage Industrial Development Corporation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022 on our consideration of the Carthage Industrial 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 Carthage Industrial 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 Carthage Industrial Development Corporation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York
February 15, 2022

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION**AUDITED FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL POSITION**

December 31, 2021 with Comparative Totals for 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 366,476	\$ 335,318
Certificates of Deposit	635,657	628,168
Restricted Cash	149,325	149,174
Grants Receivable	6,500	-
Rents Receivable	40,651	6,126
Accrued Interest Receivable	1,556	6,599
Note Receivable, Current Portion	36,339	31,997
Total Current Assets	<u>1,236,504</u>	<u>1,157,382</u>
Property and Equipment, Net	<u>2,820,975</u>	<u>2,916,057</u>
OTHER ASSETS		
Note Receivable, Net of Current Portion	-	33,623
Lease Acquisition Costs, Net	<u>27,593</u>	<u>29,008</u>
Total Other Assets	<u>27,593</u>	<u>62,631</u>
TOTAL ASSETS	<u><u>\$ 4,085,072</u></u>	<u><u>\$ 4,136,070</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	<u>\$ 8,333</u>	<u>\$ 8,333</u>
Total Current Liabilities	<u>8,333</u>	<u>8,333</u>
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Portion	<u>-</u>	<u>8,333</u>
Total Liabilities	<u>8,333</u>	<u>16,666</u>
NET ASSETS		
Net Assets Without Donor Restrictions	3,927,414	3,970,230
Net Assets With Donor Restrictions	<u>149,325</u>	<u>149,174</u>
Total Net Assets	<u>4,076,739</u>	<u>4,119,404</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,085,072</u></u>	<u><u>\$ 4,136,070</u></u>

See notes to financial statements.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021 with Summarized Totals at 2020

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020 (Summarized)
SUPPORT AND REVENUE				
Ground Lease - Rental Income	\$ 86,751	\$ -	\$ 86,751	\$ 30,045
Grant Revenue	6,500	-	6,500	-
Interest Income	5,044	151	5,195	11,204
Other Income	-	-	-	149,140
Total Support and Revenue	98,295	151	98,446	190,389
EXPENSES				
Program Services	132,786	-	132,786	2,795,028
Management and General	8,325	-	8,325	13,477
Total Expenses	141,111	-	141,111	2,808,505
Loss on Lease Termination	-	-	-	90,776
Total Expenses and Losses	141,111	-	141,111	2,899,281
CHANGE IN NET ASSETS	(42,816)	151	(42,665)	(2,708,892)
NET ASSETS, BEGINNING OF YEAR	3,970,230	149,174	4,119,404	6,828,296
NET ASSETS, END OF YEAR	\$ 3,927,414	\$ 149,325	\$ 4,076,739	\$ 4,119,404

See notes to financial statements.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 with Summarized Totals at 2020

	Program Services	Management and General	Totals	
			2021	2020
				(Summarized)
Accounting Fees	\$ 4,150	\$ 4,150	\$ 8,300	\$ 8,075
Contract Services	1,500	1,500	3,000	12,000
Dues	-	250	250	250
Filing Fees	-	275	275	275
Grants to Others	15,000	-	15,000	15,000
Main Street Grant Program	6,500	-	6,500	-
Insurance	4,468	-	4,468	4,286
Legal Fees	-	485	485	1,500
Interest	-	250	250	-
Other Expenses	5,857	-	5,857	37,982
Real Estate Taxes	229	-	229	229
Bad Debt Expense	-	-	-	2,632,407
Depreciation and Amortization	95,082	1,415	96,497	96,501
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 132,786	\$ 8,325	\$ 141,111	\$ 2,808,505

See notes to financial statements.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2021 with Comparative Totals for 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (42,665)	\$ (2,708,892)
Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities:		
Bad Debt Expense	-	2,632,407
Loss on Lease Termination	-	90,776
Depreciation and Amortization	96,497	96,501
(Increase) Decrease in Operating Assets:		
Rents Receivable	(34,525)	11,409
Grants Receivable	(6,500)	-
Accrued Interest Receivable	5,043	(3,610)
Due From Carthage Development Group, L.P.	-	57,763
Decrease in Operating Liabilities:		
Tenants' Security Deposits	-	(3,745)
Net Cash Provided By Operating Activities	17,850	172,609
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturity of Certificate of Deposits	628,168	407,987
Purchase of Certificate of Deposits	(635,657)	(411,059)
Collection on Note Receivable	29,281	30,450
Net Cash Provided By Investing Activities	21,792	27,378
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(8,333)	-
Net Cash Used In Financing Activities	(8,333)	-
Net Increase in Cash	31,309	199,987
CASH, BEGINNING OF YEAR	484,492	284,505
CASH, END OF YEAR	\$ 515,801	\$ 484,492
Cash	\$ 366,476	\$ 335,318
Restricted Cash	149,325	149,174
TOTAL CASH	\$ 515,801	\$ 484,492

See notes to financial statements.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 1 – NATURE OF OPERATIONS

The Carthage Industrial Development Corporation (CIDC or the Organization) was incorporated under the not-for profit laws of the State of New York on August 26, 1998. The CIDC was formed to relieve and reduce unemployment, to promote and provide for additional and maximum employment, to better and to maintain job opportunities, to carry on scientific research for the purpose of aiding the communities of Carthage, West Carthage, the Town of Wilna and the Town of Champion by attracting industry or by encouraging the development of, or retention of, an industry to lessen the burdens of government and to act in the public interest.

The CIDC's initial activity was accepting title to the 66-acre former Fort James Paper Mill. Today, the CIDC manages the remaining properties including the West End Dam Hydroelectric Facility. The CIDC also is engaged in community development activities including the redevelopment of the downtown area of the Villages of Carthage and West Carthage and the development of industrial properties. The CIDC's major source of operating revenue is the ground lease payments received from West End Dam Associates relating to the West End Dam Hydroelectric Facility.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net asset with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations. They are currently available for operating purposes subject only to the broad limits resulting from the nature of the Organization.

Net Assets With Donor Restrictions – These are net assets whose use is limited by donor-imposed purpose restrictions.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Cash

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization reported no cash equivalents at December 31, 2021 and 2020.

Restricted Cash

During the year ended December 31, 2020, the lease of the hydro facility assigned membership interest to Dichotomy Power, LLC and upon the transfer, the parties agreed to transfer the capital reserve fund from Northbrook Carthage, LLC to the Organization. The Organization is required to hold the capital reserve fund to be used strictly for capital improvements to the West End Dam as outlined in the lease agreement and from which no withdrawal can be made without the consent of both parties.

Certificates of Deposit

Certificates of deposit consist of two certificates that both bear interest of 0.30% and have maturities ranging from one month to four months, with penalty for early withdrawal. Any penalty would not have a material effect on the financial statements.

Rents and Grants Receivable

Rents Receivable and Grants Receivable represent amounts that have been paid or billed under contracts, grant agreements, or lease agreements as of the date of the financial statements. Receivables are stated at the gross amount and deemed to be fully collectible. Bad debts are directly expensed rather than using an allowance for estimated losses.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Note Receivable

Note receivable is stated at the amount the Organization expected to collect from the outstanding balance. As of December 31, 2021 and 2020, the Organization has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. Bad debts will be directly expensed when determined uncollectible.

Property and Equipment

Property and equipment are carried at cost. Expenditures for major renewals and betterments that extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The Organization does not have a formal capitalization policy. Depreciation is computed on a straight-line basis over their estimated useful lives of 15- 50 years. For the years ended December 31, 2021 and 2020, depreciation expense totaled \$95,082 and \$95,086, respectively.

Donated fixed assets are carried at fair market value at time of donation if that value is readily determinable. The West End Dam Hydroelectric Facility is recorded based on the value established by the New York State Office of Real Property Services Utility Valuation Unit using the income approach to value.

Lease Acquisition Costs

Lease acquisition costs in the amount of \$42,451, are being amortized on a straight-line basis over the thirty-year term of the West End Dam Hydroelectric Facility lease. For the years ended December 31, 2021 and 2020, amortization expense for the West End Dam Hydroelectric Facility lease was \$1,415 for both years.

Revenue Recognition

The majority of the Organization's revenue stream is generated from lease income and interest income on loans which are outside the scope of Topic 606. Rental income results from the ground lease as seen in Note 7. The revenues are recognized in the period for which the gross energy sales are generated.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition – Continued

In accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), CIDC has the following revenue sources that are accounted for and recognized as nonreciprocal transactions at the time of transactions:

Grant Revenue

The CIDC receives revenue from cost-reimbursable grants and contracts with State agencies and other private grantors, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Certain categories of expenses are directly attributable to community development and rental programs, and therefore are classified as direct program service expenditures. Other costs have been allocated among the program and supporting services benefited based on estimates of time and effort, including accounting fees and contract services.

Current Vulnerability Due to Certain Concentrations

The Organization's primary asset is the West End Dam Hydroelectric Facility. The revenue generated by the ground lease represented approximately 88% and 16% of total revenue for the years ended December 31, 2021 and 2020, respectively.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Current Vulnerability Due to Certain Concentrations - Continued

The Organization operates in the Northern New York area and such operations may be affected by local economic conditions.

Income Tax Status and Open Tax Years

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2020, 2019, and 2018 are subject to examination by the IRS, generally for 3 years after they were filed.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020 from which the summarized information was derived.

Impact of COVID-19 Pandemic on Financial Statements

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including but not limited to the duration, spread, severity, and impact of the outbreak, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Carthage Industrial Development Corporation's financial position, changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Date of Management's Review

The Organization has evaluated events and transactions that occurred between December 31, 2021 and February 15, 2022, which is the date the financial statements were available to be issued, and has determined that there are no additional adjustments and/or disclosures necessary.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of December 31:

	2021	2020
Land	\$ 206,885	\$ 206,885
West End Dam Hydroelectric Facility	<u>4,774,378</u>	<u>4,774,378</u>
Less: Accumulated Depreciation	<u>(2,160,288)</u>	<u>(2,065,206)</u>
Property and Equipment, Net	<u><u>\$ 2,820,975</u></u>	<u><u>\$ 2,916,057</u></u>

NOTE 4 – NOTE RECEIVABLE

On July 24, 2012, CIDC approved a short-term demand note to Meadowbrook Terrace, Inc. in the amount of \$250,000. Meadowbrook Terrace, Inc. requested the funds on behalf of its owner, Carthage Area Hospital, to assist with cash flow, and increase working capital. This is part of a larger participation agreement with three other organizations which provides a total of \$1,000,000 working capital for Carthage Area Hospital. Per terms of the agreement, commencing on January 1, 2014, monthly installments of principal and interest of \$11,517 will be due, of which 25% will be disbursed to CIDC. The entire principal balance plus accrued, but unpaid interest is due on January 1, 2023. The note receivable balance as of December 31, 2021 and 2020 was \$36,339 and \$65,620, respectively.

Future minimum receipts of the note receivable at December 31 are as follows:

2022	<u>\$ 36,339</u>
	<u><u>\$ 36,339</u></u>

NOTE 5 – LONG-TERM DEBT

The Organization was a guarantor on a \$125,000 note owed to the Village of Carthage by Carthage Development Group, L.P. (CDG). CIDC agreed to assign its rental and lease income as collateral on the note. The CIDC had been making principal and interest payments on CDG's behalf to the Village of Carthage in prior years. During the year ended December 31, 2020, the CDG dissolved and the outstanding debt was transferred to the guarantor. The Organization has agreed to make the final payments on the outstanding loan to the Village of Carthage.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 5 – LONG-TERM DEBT - Continued

The following summarizes the long-term debt payable as of December 31:

	2021	2020
Note Payable to Village of Carthage, due in annual installments of \$8,333, plus interest of 1.5%	\$ 8,333	\$ 16,666
Total Long-Term Debt	<u>\$ 8,333</u>	<u>\$ 16,666</u>

Scheduled long-term debt maturities are as follows for the years ended December 31:

2022	<u>\$ 8,333</u>
	<u>\$ 8,333</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	2021	2020
Capital Reserve, Hydro Facility	<u>\$ 149,325</u>	<u>\$ 149,174</u>

NOTE 7 – GROUND LEASE - RENTAL INCOME

The Organization has a thirty-year lease agreement with Northbrook Carthage, LLC (“the project”) which expires June 30, 2041. The lease was amended on October 28, 2016 to provide a more stable financial structure to protect operations of the project. The rent is paid quarterly based on an amount equal to a percentage of the gross energy sales. The percentage varies with the average realized dollar per project megawatt-hour for the relevant trailing four quarters, calculated by dividing total gross energy sales allocable to such trailing four quarter period by the total megawatt-hour sales from the project for such trailing four quarter period.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 7 – GROUND LEASE - RENTAL INCOME - Continued

During the year ended December 31, 2020, the lease assigned and transferred membership interests to Dichotomy Power, LLC. Northbrook Carthage, LLC will continue to be the tenant under the lease, but simply not be owned by Dichotomy Power, LLC.

Ground lease rental income was \$86,751 and \$30,045 for the years ended December 31, 2021 and 2020, respectively.

Due to the nature and calculations required for future ground lease payments, we are not able to calculate such amounts to disclosure future minimum lease payments. As noted above, the lease is expected to continue through June 30, 2041.

NOTE 8 – GRANTS TO OTHERS

For the years ended December 31, 2021 and 2020, the Organization granted the Town of Wilna \$15,000 for each year, to support the coordinated economic and community development projects and programs for the Village of Carthage, West Carthage, and the Towns of Champion and Wilna.

NOTE 9 – CONTRACT SERVICES

For the years ended December 31, 2021 and 2020, the Organization contracted administrative and bookkeeping services per the administrative services contract, in order to establish effective internal controls and proper segregation of duties. For the years ended December 31, 2021 and 2020, contract service expenditures totaled \$3,000 and \$12,000, respectively.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 10 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash deposits in one local federally insured bank. At times, the balances in these accounts may be in excess of federally insured limits. At December 31, 2021 and 2020, there were deposits in excess of FDIC coverage. The bank pledges securities as additional collateral.

Balances at December 31, 2021 are as follows:

	Bank Balances	Insured by FDIC	Collateralized by Bank
Checking	<u>\$ 166,029</u>	<u>\$ 166,029</u>	<u>\$ -</u>
Money Market and Certificates of Deposit	<u>\$ 986,986</u>	<u>\$ 250,000</u>	<u>\$ 736,986</u>

Balances at December 31, 2020 are as follows:

	Bank Balances	Insured by FDIC	Collateralized by Bank
Checking	<u>\$ 130,453</u>	<u>\$ 130,453</u>	<u>\$ -</u>
Money Market and Certificates of Deposit	<u>\$ 988,806</u>	<u>\$ 250,000</u>	<u>\$ 738,806</u>

NOTE 11 – STATEMENT OF CASH FLOWS

During the year ended December 31, 2020, the Organization accepted responsibility of an outstanding loan payable as guarantor in the amount of \$16,666. See note 5. There were no noncash financing activities during the year ended December 31, 2021.

There were no noncash investing activities during the years ended December 31, 2021 and 2020.

CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 with Comparative Totals for 2020

NOTE 12 – RELATED PARTY TRANSACTIONS

The Organization holds all cash accounts at Carthage Federal Savings & Loan. These are related business transactions as the Bank President is also a board member of the Organization. As of December 31, 2021 and 2020, the accounts totaled over \$1,153,000 and \$1,112,000, respectively.

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet the operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date.

	2021	2020
Financial Assets:		
Cash	\$ 366,476	\$ 335,318
Certificates of Deposit	635,657	628,168
Restricted Cash	149,325	149,174
Grants Receivable	6,500	-
Rents Receivable	40,651	6,126
Accrued Interest Receivable	1,556	6,599
Note Receivable, Net	36,339	65,620
	<hr/>	<hr/>
Financial Assets as of December 31	1,236,504	1,191,005
	<hr/>	<hr/>
Less Those Unavailable for General Expenditures Within One Year:		
Purpose Restriction - Capital Reserve, Hydro Facility	(149,325)	(149,174)
Note Receivable, Long-Term Portion	-	(33,623)
	<hr/>	<hr/>
Financial Assets Available to Meet Cash Needs For General Expenditures Within One Year	<u>\$ 1,087,179</u>	<u>\$ 1,008,208</u>



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INDEPENDENT AUDITOR'S 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
CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION

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 Carthage Industrial Development Corporation (a nonprofit organization), 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 year then ended, and the related notes to the financial statements, which collectively comprise the organization's basic financial statements and have issued our report thereon dated February 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carthage Industrial Development Corporation's internal control over financial reporting (internal control) as a basis for designing auditing 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 Carthage Industrial Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carthage Industrial 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 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.

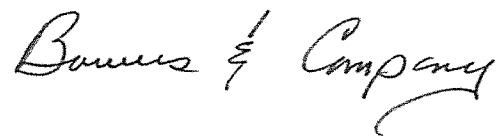
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carthage Industrial 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 financial statements. 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 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 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.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York
February 15, 2022