

HERKIMER LOCAL DEVELOPMENT
CORPORATION

FINANCIAL STATEMENTS

December 31, 2025

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INDEPENDENT AUDITOR’S REPORT

BOARD OF DIRECTORS HERKIMER LOCAL DEVELOPMENT CORPORATION

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Herkimer Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 financial statements present fairly, in all material respects, the financial position of Herkimer Local Development Corporation as of December 31, 2025, 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 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 the Herkimer 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 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 Herkimer 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.

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 generally accepted auditing standards 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 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 Herkimer 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 the Herkimer 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.

Report on Summarized Comparative Information

We have previously audited Herkimer Local Development Corporation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 25, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, 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 25, 2026, on our consideration of Herkimer 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 Herkimer 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 Herkimer Local Development Corporation's internal control over financial reporting and compliance.

Bowers & Company CPAs, PLLC

Watertown, New York
February 25, 2026

HERKIMER LOCAL DEVELOPMENT CORPORATION

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

December 31, 2025 with Comparative Totals for 2024

	2025	2024
ASSETS		
Cash	\$ 375	\$ -
Property and Equipment	<u>213,262</u>	<u>189,136</u>
TOTAL ASSETS	<u>\$ 213,637</u>	<u>\$ 189,136</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to Related Party	\$ 287,504	\$ 249,533
NET ASSETS		
Net Assets Without Donor Restrictions	<u>(73,867)</u>	<u>(60,397)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 213,637</u>	<u>\$ 189,136</u>

See notes to financial statements.

HERKIMER LOCAL DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2025 with Comparative Totals for December 31, 2024

	2025	2024
SUPPORT AND REVENUE		
Miscellaneous Income	\$ -	\$ 11
Total Support and Revenue	<u>-</u>	<u>11</u>
EXPENSES		
Program Service		
Economic Development	13,470	60,397
Supporting Service		
Management and General	<u>-</u>	<u>11</u>
Total Expenses	<u>13,470</u>	<u>60,408</u>
CHANGE IN NET ASSETS	(13,470)	(60,397)
NET ASSETS, BEGINNING OF YEAR	<u>(60,397)</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ (73,867)</u>	<u>\$ (60,397)</u>

See notes to financial statements.

HERKIMER LOCAL DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2025 with Summarized Totals for 2024

	Program Service Economic Development	Management and General	Totals	
			2025	2024
Professional Fees	\$ 10,852	\$ -	\$ 10,852	\$ 59,143
Property Taxes	2,618	-	2,618	1,254
Miscellaneous Fees	-	-	-	11
TOTAL EXPENSES	\$ 13,470	\$ -	\$ 13,470	\$ 60,408

See notes to financial statements.

HERKIMER LOCAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025 with Comparative Totals for 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (13,470)	\$ (60,397)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Increase in Operating Liabilities:		
Due to Related Party	37,971	249,533
Net Cash Provided By Operating Activities	<u>24,501</u>	<u>189,136</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(24,126)</u>	<u>(189,136)</u>
Net Cash Used in Investing Activities	<u>(24,126)</u>	<u>(189,136)</u>
Net Change in Cash	375	-
Cash, Beginning of Year	<u>-</u>	<u>-</u>
Cash, End of Year	<u>\$ 375</u>	<u>\$ -</u>

See notes to financial statements.

HERKIMER LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 with Comparative Totals for 2024

NOTE 1 – NATURE OF ACTIVITIES

Herkimer Local Development Corporation (the LDC) is a non-profit organization, incorporated in New York State. The LDC was formed August 16, 2024. The purpose of the LDC is to develop and cultivate a strong economic environment, which supports business and nurtures growth and new investment in Herkimer County, NY (the County).

The mission of the LDC includes promoting community and economic development and creating jobs for the citizens of the County.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The LDC'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 LDC reports information regarding its financial position and activities according to one class of net assets: net assets without 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 LDC. Net assets without donor restrictions generally result from Herkimer County Industrial Development Agency's (HCIDA) support, less expenses incurred in providing program-related services and performing administrative functions.

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.

HERKIMER LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 with Comparative Totals for 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

The LDC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. For the years ended December 31, 2025 and 2024, the LDC held no cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. The LDC follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$1,000. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed as incurred.

Depreciation will be computed using the straight-line method over the estimated useful life of the capital asset. Estimated useful lives for assets shall be assessed at acquisition and classified using the New York State Comptroller's Capital Assets local government guide.

Tax Status

The LDC is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation under Section 509(a). Accordingly, no provision has been made for Federal or State taxes.

The LDC has adopted the provisions of Financial Accounting Standards Board Codification, "Income Taxes." In determining the recognition of uncertain tax positions, the LDC applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities.

The LDC recognizes potential liabilities associated with anticipated tax audit issues that may arise during an examination. Interest and penalties that are anticipated to be due upon examination are recognized as accrued interest and other liabilities with an offset to interest and other expense. The LDC will analyze its tax positions taken on their Federal and State tax returns for open tax years. Based on this analysis, the LDC determined that there were no uncertain tax positions and that the LDC should prevail upon examination by the taxing authorities.

HERKIMER LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 with Comparative Totals for 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

Expenses consist of costs related to economic development and administrative functions. The LDC's operating costs have been allocated based on direct identification when possible and allocated if a single expenditure benefits more than one function. For the years ended December 31, 2025 and 2024, all costs have been allocated based on direct identification.

Concentration of Revenue

The LDC's revenues are primarily obtained from the administrative agreement maintained with the Herkimer County Industrial Development Agency (HCIDA).

Revenue Recognition

In accordance with ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" (Topic 958), the LDC recognizes nonreciprocal transactions at time of transaction and was applied to the following sources of revenue:

Contract Revenues

The LDC receives contract monies from the Herkimer County Industrial Development Agency. The contract revenue is deemed a nonreciprocal transaction to be used for the general mission of the LDC and, accordingly, recognized as revenue in the year the funds are received.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by 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 LDC's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Statements of Cash Flows

There were no noncash investing and financing activities for the years ended December 31, 2025 and 2024.

HERKIMER LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 with Comparative Totals for 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management’s Review

Management has evaluated subsequent events and transactions that occurred between December 31, 2025 through February 25, 2026, which is the date the financial statements were available to be issued. Management has determined no such events have occurred.

NOTE 3 – PROPERTY AND EQUIPMENT

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

	2025	2024
Site Development	\$ 213,262	\$ 189,136
Less: Accumulated Depreciation	<u>-</u>	<u>-</u>
Total Property and Equipment	<u><u>\$ 213,262</u></u>	<u><u>\$ 189,136</u></u>

No depreciation expense was recorded for the years ended December 31, 2025 and 2024.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The LDC monitors its liquidity so that it is able to meet operating needs and other contractual commitments. The following table reflects the LDC’s financial assets as of December 31, 2025 and 2024 that could readily be made available within one year of the Statement of Financial Position date to fund expenses without limitation.

	2025	2024
Financial Assets at Year-End		
Cash	<u>\$ 375</u>	<u>\$ -</u>
Financial Assets Available to Meet General Expenditures		
Over the Next 12 Months	<u><u>\$ 375</u></u>	<u><u>\$ -</u></u>

HERKIMER LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 with Comparative Totals for 2024

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – Continued

In addition to financial assets available to meet general expenditures over the next 12 months, the LDC anticipates collecting sufficient revenue to cover general expenditures.

NOTE 5 – CASH FLOW INFORMATION

There were no noncash financing or investing activities during 2025 and 2024.

NOTE 6 – RELATED PARTY TRANSACTION

Due to Related Party represents amounts due to Herkimer County Industrial Development Agency for site development costs and related operational expenses. Amounts due as of December 31, 2025 and 2024 were \$287,504 and \$249,533, respectively.

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

**BOARD OF DIRECTORS
Herkimer Local 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 Herkimer Local Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 February 25, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Herkimer 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 Herkimer Local Development Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of Herkimer 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Herkimer 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 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 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bowers & Company CPAs, PLLC

Watertown, New York
February 25, 2026

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH SECTION 2925(3)(F)
OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

**TO THE BOARD OF DIRECTORS
HERKIMER COUNTY LOCAL DEVELOPMENT CORPORATION**

We have audited, 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, the financial statements of Herkimer Local Development Corporation, which comprise the statement of financial position as of December 31, 2025, 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 25, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Organization failed to comply with the Organization’s Investment Policy, The New York State Comptroller’s Investment Guidelines, and Section 2925(3)(F) of the NYS Public Authorities Law during the year ended December 31, 2025. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such investment guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Organization’s noncompliance with the above rules and regulations.

This report is intended solely for the information and use of management of the Organization, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be, and should not be, used by anyone other than these specified parties.

Bowers & Company CPAs, PLLC

Watertown, New York
February 25, 2026

February 25, 2026

Board of Directors and Management
Herkimer Local Development Corporation

We have audited the financial statements of Herkimer Local Development Corporation for the year ended December 31, 2025, and we will issue our report thereon dated February 25, 2026. 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 December 19, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Herkimer Local Development Corporation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. 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 estimates affecting the financial statements were:

Management's estimate of the functional expense allocation is based on an analysis of the Organization's operating activities. We evaluated the methods, assumptions, and data used to develop the functional expenses allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

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. The following schedule of material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on 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 February 25, 2026.

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.

Board of Directors and Management
Herkimer Local Development Corporation
February 25, 2026
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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 and Management of Herkimer Local Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowen & Company CPAs, PLLC

Adjusting Journal Entries JE # 1

To roll RE earnings (relates to PY AJE 1).

3000	Retained Earnings	2,605.00	
2000	Due to Herkimer IDA		2,605.00
Total		<u>2,605.00</u>	<u>2,605.00</u>

Adjusting Journal Entries JE # 2

To move funds received from the IDA to due to related party.

4001	Masonic Funding from HCIDA	33,353.00	
5002	Professional Fee-Masonic Legal	4,618.00	
2000	Due to Herkimer IDA		4,618.00
2000	Due to Herkimer IDA		33,353.00
Total		<u>37,971.00</u>	<u>37,971.00</u>