

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
FINANCIAL REPORT
DECEMBER 31, 2022**

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Town of Bolton Local Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Town of Bolton Local Development Corporation (Organization), a public benefit corporation and subsidiary, which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of operations and accumulated deficit, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Bolton Local Development Corporation as of December 31, 2022, 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 audits 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 Town of Bolton 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.

Prior Period Financial Statements

The consolidated financial statements as of December 31, 2021, were audited by Marvin and Company, P.C., who merged with Mengel, Metzger, Barr & Co. LLP as of January 1, 2023, and whose report dated April 5, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bolton 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 consolidated 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 consolidated 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 Town of Bolton 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bolton 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 Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 17 through 21 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the balance sheet, changes in accumulated deficit and cash flows of the individual entities, and it is not required part of the consolidated financial statements. Accordingly, we do not express an opinion on the balance sheet,

changes in accumulated deficit and cash flows of the individual entities. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The 2021 summarized comparative consolidating information included on pages 17 through 21 was subjected to the auditing procedures applied in the 2021 audit of the basic financial statements by Marvin & Company, P.C., who merged with Mengel, Metzger, Barr & Co. PPL as of January 1, 2023, whose report on such information stated that it was fairly stated in all material respects in relation to the 2021 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2023 on our consideration of the Town of Bolton 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 the Town of Bolton 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 the Town of Bolton Local Development Corporation's internal control over financial reporting and compliance.

Mengel, Metzger, Barr & Co. LLP

Latham, New York
May 30, 2023

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021**

	ASSETS	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 267,828	\$ 318,109
Accounts receivable	128,519	112,749
Prepaid expenses	1,755	4,609
Other receivables	-	15,048
Inventory	17,882	21,299
Total Current Assets	415,984	471,814
Property and Equipment	2,048,013	2,025,193
Other Assets		
Deferred tax asset	6,761	-
Application fee	5,300	-
Investments	101,271	101,081
Intangible assets	135,532	169,002
Total Other Assets	248,864	270,083
TOTAL ASSETS	\$ 2,712,861	\$ 2,767,090
LIABILITIES AND NET DEFICIT		
Current Liabilities		
Accounts payable	\$ 14,000	\$ -
Accrued Expenses	10,106	3,609
Payroll liabilities	445	1,340
Deferred revenue	233,239	209,353
Income taxes	39,714	42,199
Current portion of long-term debt	175,049	175,974
Total Current Liabilities	472,553	432,475
Long-Term Liabilities		
Mortgage payable, net of current portion	363,405	537,708
Note payable	2,000,000	2,000,000
Deferred taxes	-	1,773
Total Long-Term Liabilities	2,363,405	2,539,481
TOTAL LIABILITIES	2,835,958	2,971,956
Net Deficit		
Without donor restrictions:		
Undesignated	(123,097)	(204,866)
	(123,097)	(204,866)
TOTAL LIABILITIES AND NET DEFICIT	\$ 2,712,861	\$ 2,767,090

See accompanying notes to consolidated financial statements

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Changes in net assets without donor restrictions:		
Revenues		
Dock space	\$ 240,196	\$ 229,819
Launches and retrievals	110,870	118,249
Parking	334,898	352,799
Gasoline sales	344,232	293,460
Store sales	65,738	60,122
Other sales	2,459	2,449
Total Revenue	<u>1,098,393</u>	<u>1,056,898</u>
Cost of Goods Sold	<u>298,539</u>	<u>233,349</u>
Gross Income	799,854	823,549
Expenses		
Management and general expenses	37,121	30,922
Norowal Marina expenses	623,106	516,194
Total Expenses	<u>660,227</u>	<u>547,116</u>
Total Operating Income	<u>139,627</u>	<u>276,433</u>
Other Income and (Expenses)		
Commissions	5,943	6,188
Sales tax refund	-	16,076
Interest income	289	395
Interest expense	(28,089)	(45,295)
Total other income and (expenses)	<u>(21,859)</u>	<u>(22,636)</u>
Income before Provision for Taxes	117,768	253,797
Provision for Taxes	<u>36,001</u>	<u>67,942</u>
Decrease in net deficit without donor restrictions	81,767	185,855
Net Deficit, Beginning of Year	<u>(204,864)</u>	<u>(390,721)</u>
NET DEFICIT, END OF YEAR	<u>\$ (123,097)</u>	<u>\$ (204,866)</u>

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Activities	Support Activities	
	Norowal Marina, Inc.	Management and General	Totals
Cost of Goods Sold			
Inventory, beginning	\$ 21,298	\$ -	\$ 21,298
Purchases	295,123	-	295,123
Inventory, ending	(17,882)	-	(17,882)
Total cost of goods sold	<u>298,539</u>	<u>-</u>	<u>298,539</u>
Operating Expenses			
Advertising	2,808	807	3,615
Bank charges and merchant fees	24,632	3,300	27,932
Bad debts	15,048	-	15,048
Contracted services	-	4,825	4,825
Contributions	17,000	-	17,000
Depreciation and amortization	105,876	-	105,876
Dues and Subscriptions	811	-	811
Fees and registrations	3,331	-	3,331
Insurance	37,875	3,016	40,891
Miscellaneous expenses	3,955	-	3,955
Office expenses	8,974	5,243	14,217
Payroll	268,098	-	268,098
Payroll taxes and employee benefits	36,589	-	36,589
Postage	2,277	-	2,277
Professional fees	11,675	19,052	30,727
Real estate taxes	7,954	773	8,727
Repairs and maintenance	64,511	-	64,511
Telephone expense	2,526	-	2,526
Utilities	9,166	105	9,271
Total Operating Expenses	<u>623,106</u>	<u>37,121</u>	<u>660,227</u>
Total Expenses	<u>\$ 921,645</u>	<u>\$ 37,121</u>	<u>\$ 958,766</u>

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Activities	Support Activities	
	Norowal Marina, Inc.	Management and General	Totals
Cost of Goods Sold			
Inventory, beginning	\$ 19,908	\$ -	\$ 19,908
Purchases	234,739	-	234,739
Inventory, ending	(21,298)	-	(21,298)
Total cost of goods sold	<u>233,349</u>	<u>-</u>	<u>233,349</u>
Operating Expenses			
Advertising	1,628	-	1,628
Bank charges and merchant fees	21,517	-	21,517
Contracted Services	4,501	4,000	8,501
Contributions	16,000	-	16,000
Depreciation and amortization	102,434	-	102,434
Fees and registrations	10	-	10
Insurance	26,566	2,655	29,221
Miscellaneous expenses	2,781	-	2,781
Office expenses	7,258	3,705	10,963
Payroll	229,763	-	229,763
Payroll taxes and employee benefits	32,572	-	32,572
Postage	2,264	-	2,264
Professional fees	12,595	19,075	31,670
Real estate taxes	8,223	1,407	9,630
Repairs and maintenance	38,913	-	38,913
Telephone expense	2,463	-	2,463
Utilities	6,706	80	6,786
Total Operating Expenses	<u>516,194</u>	<u>30,922</u>	<u>547,116</u>
Total Expenses	<u>\$ 749,543</u>	<u>\$ 30,922</u>	<u>\$ 780,465</u>

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net deficit from operating activities	\$ 81,767	\$ 185,855
Adjustments to reconcile change in net deficit to net cash provided by operating activities		
Depreciation and amortization	105,876	102,434
Bad debts	15,048	-
Deferred taxes	(1,773)	(5,692)
(Increase) decrease in		
Accounts receivable	(30,818)	16,065
Prepaid income taxes	-	22,517
Prepaid expenses	2,854	460
Inventory	3,417	(1,390)
Other receivables	15,048	(15,048)
Application fees	(5,300)	-
Deferred Tax Asset	(6,761)	-
Increase (decrease) in		
Accrued expenses	6,497	(7,180)
Payroll Liabilities	(895)	186
Deferred revenue	23,886	1,138
Income taxes	(2,483)	28,644
Net Cash Provided By Operating Activities	<u>220,363</u>	<u>327,989</u>
Cash Flows From Investing Activities		
Purchase of investments	(190)	(152)
Purchase of property and equipment	(95,226)	(51,813)
Net Cash Used by Investing Activities	<u>(95,416)</u>	<u>(51,965)</u>
Cash Flows From Financing Activities		
Payments on long-term debt	<u>(175,228)</u>	<u>(162,935)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(50,281)	113,089
Cash and Cash Equivalents, Beginning of Year	<u>318,109</u>	<u>205,020</u>
Cash and Cash Equivalents, End of Year	<u>\$ 267,828</u>	<u>\$ 318,109</u>
Supplemental Information		
Cash paid for business income taxes	<u>\$ 25</u>	<u>\$ (298)</u>
Cash paid for interest	<u>\$ 28,089</u>	<u>\$ 45,295</u>

See accompanying notes to consolidated financial statements

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. ORGANIZATION

The Town of Bolton Local Development Corporation (BLDC) was incorporated in New York State on March 10, 2005, as a special not-for-profit corporation pursuant to Article 14 of New York State Not-For-Profit Corporation Law. The core purpose of creating the corporation was to create a local development organization that would promote tourist business activities within the Town of Bolton, which is a municipality principally comprised of family-owned motels, a destination resort hotel, tourist-oriented retail shops and camping, boating, fishing and "day-use activities" on Lake George.

Norowal Marina, Inc. (Marina) is a wholly-owned subsidiary of the Town of Bolton Local Development Corporation. The Marina provides public access to Lake George to residents and visitors of Bolton Landing, NY. The Marina is operated as a park and launch facility with seasonal mooring slips, winter storage and basic amenities such as showers, laundry, bathrooms and limited general store supplies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of BLDC is present to assist in understanding the BLDC's financial statements. The consolidated financial statements and notes are representation of BLDC's management, which is responsible for their integrity and objectivity.

Basis of Accounting

The BLDC prepares its consolidated financial statements on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The consolidated financial statements include the accounts of the Town of Bolton Local Development Corporation and its majority-owned subsidiary, Norowal Marina, Inc. Intercompany balances and transactions have been eliminated.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of BLDC and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by the actions of BLDC and/or the passage of time and net assets subject to donor-imposed stipulations that they be maintained permanently by BLDC.

When a donor-imposed restriction expires, the net assets are reported in the statement of activities as net assets released from restrictions.

At December 31, 2022 and 2021, BLDC had no net assets with donor restrictions.

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The BLDC recognizes revenue in accordance with Financial Accounting Standards Board ASU 2014-19 *Revenue from Contracts with Customers (Topic 606)*. This guidance provides a single comprehensive model to account for revenue from contracts with customers. The BLDC's primary source of income is derived from operations of the Marina located in Bolton Landing, New York. The Marina recognizes revenue when its single performance obligation is satisfied upon transfer of control of the promised product or service, a point in time, to customers in an amount that reflects the consideration the Marina expects to receive in exchange for those goods and services. Generally, the timing of the revenue recognition and the cash collections occur at the same point in time and do not result in creation of a customer accounts receivable. The revenues recognized are reported in the consolidated statement of operations as launches and retrievals, parking, gasoline sales, store sales and other sales.

In addition to the revenues derived during the day to day operations, the Marina has seasonal dock space rental based on a rental agreement with individuals. The revenue from the dock space rentals is short term in nature covering the annual period that the Marina is open for operations.

Support With and Without Donor Restrictions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The BLDC files a consolidated Federal Corporation Tax Return with its wholly-owned subsidiary, Norowal Marina, Inc., and a separate New York State General Business Tax Return. BLDC pays federal income tax and New York State franchise tax based on its net income.

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

The provision for income taxes represents income taxes payable for the current year plus the change in deferred income taxes during the year. Deferred income taxes have been determined using the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. This method also allows for the recognition of deferred tax assets in the current period for the future benefit of net operating loss carryforwards and items for which expenses have been recognized for financial statement purposes, but which will be deductible in future periods for income tax purposes. A valuation allowance is provided for deferred tax assets if it is uncertain as to the future realization of these benefits. Currently, there is no valuation allowance provided for in these statements.

BLDC has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. BLDC believes that income tax filings positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the BLDC's financial condition, results of operations, or cash flows. Accordingly, the BLDC has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022 and 2021.

BLDC recognizes interest accrued related to income taxes in interest expense and penalties in operating expenses.

Cash and Cash Equivalents

Cash and cash equivalents include bank accounts as well as certificates of deposit purchased with a maturity of three months or less.

Accounts Receivable

Accounts receivable represents the amount due from seasonal dock space customers. BLDC considers all accounts receivable as of December 31, 2022 and 2021 to be fully collectible, therefore no allowance for bad debts has been recorded. It is the BLDC's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. For the years ended December 31, 2022 and 2021, bad debt expense was \$15,048 and \$0-, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for major renewals and betterments that extend useful lives of equipment are capitalized. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations using the straight-line method over the following estimated useful lives:

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment

	<u>Years</u>
Furniture, fixtures and equipment	3-7
Buildings and improvements	10-39

For the years ended December 31, 2022 and 2021, depreciation and amortization expense was \$105,876 and \$102,434, respectively.

Maintenance and repairs are charged to operations when incurred.

Intangible Assets

The Marina has adopted *FASB Accounting Standards Update (ASU) No. 2014-02 Intangibles – Goodwill and Other (Topic 350) Accounting for Goodwill*, which allows the Marina to amortize its goodwill over a period of ten years or less if the Marina can demonstrate another useful life is more appropriate. The Marina has chosen to amortize its goodwill on a straight-line basis over ten years. By adopting the provisions of ASU No. 2014-02, management must test its goodwill for impairment when a triggering event has occurred that indicates that fair value of the intangible is less than its carrying amount. For the year ended December 31, 2022 and 2021, management does not believe that a triggering event had occurred, therefore, no impairment testing was required to be performed.

Presentation of Sales Tax

New York State and Warren County impose a sales tax on the Marina's merchandise sales. The Marina collects that sales tax from customers and remits the entire amount to the respective taxing authority. The BLDC's accounting policy is to exclude the tax collected and remitted from revenue and cost of sales.

Inventory

Inventory for BLDC consists of gasoline and store merchandise that is reported at the lower of cost or market. BLDC reports the usage of inventory at the lower of FIFO cost and net realizable value.

Advertising, Marketing and Promotion

BLDC expenses advertising, marketing and promotion costs as they are incurred. These costs for the years ended December 31, 2022 and 2021 were \$3,615 and \$1,628, respectively.

Adoption of New ACCOUNTING STANDARDS

On January 1, 2022, BLDC adopted the Financial Accounting Standards Board (FASB) ASU 2016-02, *Leases (Topic 842)*. The new accounting standard requires recognition of right-to-use assets and lease liabilities for all long-term leases, including operating leases, on the consolidated balance sheet. Management evaluated the requirements and determined currently there are no impacts of this standard on the financial statements.

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 1,894,320	\$ 1,894,320
Building and improvements	519,697	427,997
Furniture, equipment and fixtures	356,317	352,791
	2,770,334	2,675,108
Less Accumulated Depreciation	722,321	649,915
	\$ 2,048,013	\$ 2,025,193

4. INTANGIBLE ASSETS

Intangible assets, net, at December 31, 2022 consists of:

	Town of Bolton Local Development Corporation	Norowal Marina, Inc.	Total
Asset			
Goodwill	\$ -	\$ 334,702	\$ 334,702
Option to purchase land	1,650	-	1,650
Total	1,650	334,702	336,352
Less Accumulated Amortization	-	200,820	200,820
Intangible Assets, Net	\$ 1,650	\$ 133,882	\$ 135,532

Intangible assets, net, at December 31, 2021 consists of:

	Town of Bolton Local Development Corporation	Norowal Marina, Inc.	Total
Asset			
Goodwill	\$ -	\$ 334,702	\$ 334,702
Option to purchase land	1,650	-	1,650
Total	1,650	334,702	336,352
Less Accumulated Amortization	-	167,350	167,350
Intangible Assets, Net	\$ 1,650	\$ 167,352	\$ 169,002

Annual amortization of the goodwill will be \$33,470 through December 31, 2026.

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

5. OPTION TO PURCHASE LAND

As part of a purchase transaction during 2017, BLDC obtained a purchase option with the sellers for the purchase of three identified separate properties located in the Town of Bolton, New York. If the sellers of the property decide to sell any or all of the properties, BLDC will have the first opportunity to purchase them at a price equal to the property's tax roll value. In addition, the seller is given the right to request a life tenancy in the property, which would further reduce the purchase price of the property. The option will expire 45 days after notification of the owner's intent to sell the properties. As of December 31, 2022, the BLDC has not received notice of an intent to sell the three parcels.

6. INVESTMENTS

Investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Certificates of deposits	\$ <u>101,271</u>	\$ <u>101,081</u>

The investments are stated at fair value based on quoted prices for similar assets in active markets and inputs that are observable for the asset either directly or indirectly, for substantially the full term of the financial instrument (Level 2).

7. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Mortgage note payable to Glens Falls National Bank and Trust Company, collateralized by property of Norowal Marina, Inc., payable in monthly installments of \$17,308 inclusive of principal and interest. Interest rate is 4.25% and the mortgage matures in December 2025.	\$ 538,454	\$ 713,682
Note payable to the Town of Bolton, guaranteed by the Town of Bolton Local Development Corporation. Payment on this note is deferred for both principal and interest until the Town Board deems necessary.	<u>2,000,000</u>	<u>2,000,000</u>
Total	<u>2,538,454</u>	<u>2,713,682</u>
Less current portion	<u>175,049</u>	<u>175,974</u>
Long-term portion	<u>\$ 2,363,405</u>	<u>\$ 2,537,708</u>

The aggregate maturities of notes payable for the next five years and thereafter are as follows:

2023	\$	175,049
2024		182,636
2025		180,769
2026		-
2027		-
Thereafter		<u>2,000,000</u>
Total	<u>\$</u>	<u>2,538,454</u>

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

8. INCOME TAXES

The BLDC's wholly owned subsidiary, Norowal Marina, Inc. (Marina), is a taxable entity and is, therefore, subject to federal and state income taxes. As noted in Note 2, BLDC files a consolidated corporate and separate state tax return. The provisions for income taxes consist of the following components:

	<u>2022</u>	<u>2021</u>
Current Tax Provision		
Federal	\$ 32,149	\$ 53,699
State	12,386	19,933
Total Current Tax Provision	<u>44,535</u>	<u>73,632</u>
Deferred tax provision (benefit)		
Federal	(6,411)	(4,573)
State	(2,123)	(1,117)
Provision for income tax	<u>\$ 36,001</u>	<u>\$ 67,942</u>

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of Marina's assets and liabilities. Differences are primarily attributable to depreciation of assets.

Deferred Tax Liability

The net deferred tax liabilities in the accompanying consolidated statements of financial position include the following components:

	<u>2022</u>	<u>2021</u>
Current:		
Deferred tax liabilities	\$ -	\$ -
Deferred tax assets	-	-
Net deferred tax assets — Current portion	<u>-</u>	<u>-</u>
Non- current:		
Deferred tax liabilities	-	(1,773)
Deferred tax assets	6,761	-
Net deferred tax liabilities - Non-current portion	<u>6,761</u>	<u>(1,773)</u>
Total net deferred tax assets (liabilities)	<u>\$ 6,761</u>	<u>\$ (1,773)</u>

9. FUNCTIONAL EXPENSES

All expenses for the Marina are directly identifiable and are considered to be BLDC's program expenditures. Management and general expenses are directly identifiable and are charged to BLDC's accounts. There are no accounts which require further allocation.

10. AVAILABLE RESOURCES AND LIQUIDITY

The BLDC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, BLDC considers all expenditures related to its ongoing program services as well as the services undertaken to support this activity to be general expenditures.

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

10. AVAILABLE RESOURCES AND LIQUIDITY

At December, the following tables show the total financial assets held by the BLDC and the amount of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures.

Financial assets at year-end

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 267,828	\$ 318,109
Investments in Certificates of Deposit	101,271	101,081
Accounts receivable	128,519	112,749
Other receivable	-	15,048
Total financial assets at year-end	<u>\$ 497,618</u>	<u>\$ 546,987</u>

Financial assets available to meet general expenditures over the next 12 months

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 267,828	\$ 318,109
Investments in Certificates of Deposit	101,271	101,081
Accounts receivable	128,519	112,749
Other receivable	-	15,048
Total financial assets at year-end	<u>\$ 497,618</u>	<u>\$ 546,987</u>

11. SUBSEQUENT EVENTS

In February 2023, the BLDC received a commercial mortgage commitment from Glens Falls National Bank to assist in financing a capital project at Norowal. The terms of the financing agreement are a commercial mortgage up to \$750,000, up to a 12 month draw period, interest only payments during draw period, permanent period 20 years with a 20 year amortization at a five year fixed rate of 195 basis points over the five year FHLBNY Regular Fixed Advance Rate. Adjusting thereafter at 5-year intervals.

Management has evaluated events subsequent to the balance sheet date of December 31, 2022 through May 30, 2023 which is the date the financial statements were available to be issued, and has determine that there are no additional subsequent events that require recording or disclosure.

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

ASSETS

	Town of Bolton, LDC	Norowal Marina Inc.	Eliminations	2022 Total	2021 Total
Current Assets					
Cash and cash equivalents	\$ 84,718	\$ 183,110	\$ -	\$ 267,828	\$ 318,109
Accounts receivable	-	128,519	-	128,519	112,749
Prepaid expenses	-	1,755	-	1,755	4,609
Other receivables	-	-	-	-	15,048
Inventory	-	17,882	-	17,882	21,299
Total Current Assets	<u>84,718</u>	<u>331,266</u>	<u>-</u>	<u>415,984</u>	<u>471,814</u>
Property and Equipment	<u>108,050</u>	<u>1,939,963</u>	<u>-</u>	<u>2,048,013</u>	<u>2,025,193</u>
Other Assets					
Deferred tax asset	-	6,761	-	6,761	-
Application fees	-	5,300	-	5,300	-
Investments	2,235,524	101,271	(2,235,524)	101,271	101,081
Intangible assets	1,650	133,882	-	135,532	169,002
Total Current Assets	<u>2,237,174</u>	<u>247,214</u>	<u>(2,235,524)</u>	<u>248,864</u>	<u>270,083</u>
TOTAL ASSETS	<u>\$ 2,429,942</u>	<u>\$ 2,518,443</u>	<u>\$ (2,235,524)</u>	<u>\$ 2,712,861</u>	<u>\$ 2,767,090</u>

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

LIABILITIES AND NET ASSETS (DEFICIT)

	Town of Bolton, LDC	Norowal Marina Inc.	Eliminations	2022 Total	2021 Total
Current Liabilities					
Accounts payable	\$ -	\$ 14,000	\$ -	\$ 14,000	\$ -
Accrued expenses	-	10,106	-	10,106	3,609
Payroll liabilities	-	445	-	445	1,340
Deferred revenue	-	233,239	-	233,239	209,353
Income taxes	(461)	40,175	-	39,714	42,199
Current portion of long-term debt	175,049	-	-	175,049	175,974
Total Current Liabilities	<u>174,588</u>	<u>297,965</u>	<u>-</u>	<u>472,553</u>	<u>432,475</u>
Long-Term Liabilities					
Mortgage payable, net of current portion	363,405	-	-	363,405	537,708
Note payable	2,000,000	-	-	2,000,000	2,000,000
Deferred Taxes	-	-	-	-	1,773
Total Long-Term Liabilities	<u>2,363,405</u>	<u>-</u>	<u>-</u>	<u>2,363,405</u>	<u>2,539,481</u>
TOTAL LIABILITIES	<u>2,537,993</u>	<u>297,965</u>	<u>-</u>	<u>2,835,958</u>	<u>2,971,956</u>
Net Assets (Deficit)					
Without donor restrictions:					
Undesignated					
Common Stock	-	78,000	(78,000)	-	-
Dividends	-	(252,624)	252,624	-	-
Additional Paid-In-Capital	-	3,949,055	(3,949,055)	-	-
Net Deficit	(108,051)	(1,553,953)	1,538,907	(123,097)	(204,866)
TOTAL NET ASSETS (DEFICIT)	<u>(108,051)</u>	<u>2,220,478</u>	<u>(2,235,524)</u>	<u>(123,097)</u>	<u>(204,866)</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 2,429,942</u>	<u>\$ 2,518,443</u>	<u>\$ (2,235,524)</u>	<u>\$ 2,712,861</u>	<u>\$ 2,767,090</u>

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATING STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

	Town of Bolton, LDC	Norowal Marina Inc.	Eliminations	2022 Total	2021 Total
Changes in net assets without donor restrictions:					
Revenues					
Dock space	\$ -	\$ 240,196	\$ -	\$ 240,196	\$ 229,819
Launches and retrievals	-	110,870	-	110,870	118,249
Parking	-	334,898	-	334,898	352,799
Gasoline sales	-	344,232	-	344,232	293,460
Store sales	-	65,738	-	65,738	60,122
Other sales	-	2,459	-	2,459	2,449
Total Revenue	<u>-</u>	<u>1,098,393</u>	<u>-</u>	<u>1,098,393</u>	<u>1,056,898</u>
Cost of Goods Sold	<u>-</u>	<u>298,539</u>	<u>-</u>	<u>298,539</u>	<u>233,349</u>
Gross Income	<u>-</u>	<u>799,854</u>	<u>-</u>	<u>799,854</u>	<u>823,549</u>
Expenses					
Management and general expenses	37,121	-	-	37,121	30,922
Operating expenses	-	623,106	-	623,106	516,194
Total Expenses	<u>37,121</u>	<u>623,106</u>	<u>-</u>	<u>660,227</u>	<u>547,116</u>
TOTAL OPERATING INCOME	<u>(37,121)</u>	<u>176,748</u>	<u>-</u>	<u>139,627</u>	<u>276,433</u>
Other Income and (Expenses)					
Commissions	-	5,943	-	5,943	6,188
Equity in net income of Narowal Marina, Inc.	161,952	-	(161,954)	(2)	-
Sales tax refund	-	-	-	-	16,076
Interest income	99	190	-	289	395
Interest expense	(28,089)	-	-	(28,089)	(45,295)
Total other income and (expenses)	<u>133,962</u>	<u>6,133</u>	<u>(161,954)</u>	<u>(21,859)</u>	<u>(22,636)</u>
Income Before Provision for Taxes	<u>96,841</u>	<u>182,881</u>	<u>(161,954)</u>	<u>117,768</u>	<u>253,797</u>
Provision for Taxes	<u>25</u>	<u>35,976</u>	<u>-</u>	<u>36,001</u>	<u>67,942</u>
Increase in net assets without donor restrictions	<u>96,816</u>	<u>146,905</u>	<u>(161,954)</u>	<u>81,767</u>	<u>185,855</u>
Net Deficit, Beginning of Year	<u>(204,867)</u>	<u>(1,700,858)</u>	<u>1,700,861</u>	<u>(204,864)</u>	<u>(390,721)</u>
Net Deficit, End of Year	<u>\$ (108,051)</u>	<u>\$ (1,553,953)</u>	<u>\$ 1,538,907</u>	<u>\$ (123,097)</u>	<u>\$ (204,866)</u>

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>Town of Bolton, LDC</u>	<u>Norowal Marina, Inc.</u>	<u>Eliminations</u>	<u>2022 Total</u>	<u>2021 Total</u>
Cash Flows Provided (Used) By Operating Activities					
Change in net deficit from operating activities	\$ 96,816	\$ 146,905	\$ (161,954)	\$ 81,767	\$ 185,855
Adjustments to reconcile change in net deficit to net cash used by operating activities					
Depreciation and amortization	-	105,876	-	105,876	102,434
Equity in net profit of Norowal Marina, Inc.	(161,954)	-	161,954	-	-
Bad debts	-	15,048	-	15,048	-
Deferred taxes	-	(1,773)	-	(1,773)	(5,692)
(Increase) decrease in					
Accounts receivable	-	(30,818)	-	(30,818)	16,065
Prepaid income taxes	-	-	-	-	22,517
Prepaid expenses	-	2,854	-	2,854	460
Inventory	-	3,417	-	3,417	(1,390)
Other receivables	-	15,048	-	15,048	(15,048)
Application fees	-	(5,300)	-	(5,300)	-
Deferred Tax Asset	-	(6,761)	-	(6,761)	-
Increase (decrease) in					
Accounts payable	-	14,000	-	14,000	-
Accrued expenses	-	6,497	-	6,497	(7,180)
Payroll Liabilities	-	(895)	-	(895)	186
Deferred revenue	-	23,886	-	23,886	1,138
Income taxes	27	(2,510)	-	(2,483)	28,644
Net Cash Provided (Used) By Operating Activities	<u>(65,111)</u>	<u>285,474</u>	<u>-</u>	<u>220,363</u>	<u>327,989</u>
Cash Flows From Investing Activities					
Purchase of investments	-	(190)	-	(190)	(152)
Dividends from Subsidiary	252,624	(252,624)	-	-	-
Purchases of property and equipment	-	(95,226)	-	(95,226)	(51,813)
Net Cash Provided (Used) by Investing Activities	<u>252,624</u>	<u>(348,040)</u>	<u>-</u>	<u>(95,416)</u>	<u>(51,965)</u>
Payments on long-term debt	<u>(175,228)</u>	<u>-</u>	<u>-</u>	<u>(175,228)</u>	<u>(162,935)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>12,285</u>	<u>(62,566)</u>	<u>-</u>	<u>(50,281)</u>	<u>113,089</u>

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>Town of Bolton, LDC</u>	<u>Norowal Marina, Inc.</u>	<u>Eliminations</u>	<u>2022 Total</u>	<u>2021 Total</u>
Cash and Cash Equivalents, Beginning of Year	72,433	245,676	-	318,109	205,020
Cash and Cash Equivalents, End of Year	<u>\$ 84,718</u>	<u>\$ 183,110</u>	<u>\$ -</u>	<u>\$ 267,828</u>	<u>\$ 318,109</u>
Supplemental Information					
Cash paid for business income taxes	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ (298)</u>
Cash paid for interest	<u>\$ 28,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,089</u>	<u>\$ 45,295</u>



BUSINESS
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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
Town of Bolton 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 consolidated financial statements of the Town of Bolton Local Development Corporation and subsidiary, which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of operations and accumulated deficit, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 30, 2023.

Report Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Town of Bolton 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bolton Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bolton 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 weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned cost as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bolton 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*.

Town of Bolton Local Development Corporation's Response to Findings

Town of Bolton Local Development Corporation's response to the findings identified in our is described in the accompanying schedule of findings and questions costs. Town of Bolton Local Development Corporation's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

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.

Mengel, Metzger, Barw & Co. LLP

Latham, NY
May 30, 2023

**TOWN OF BOLTON LOCAL DEVELOPMENT CORPORATION
AND SUBSIDIARY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
DECEMBER 31, 2022**

2022-001 TIMELINESS OF BANK RECONCILIATIONS

Criteria

Best practices are that bank reconciliations be completed on a timely basis to ensure that all financial transactions processed by the financial institution have been recorded in the organization's accounting system.

Condition

Our auditing procedures disclosed that certain bank accounts had not been completely reconciled on a timely basis, and that ACH banking transactions related to sales tax and payroll tax payments had not been recorded in the Norowal Marina, Inc.'s (Marina), accounting system.

Cause

The Marina's banking and accounting information had not been provided to the Town of Bolton Local Development Corporation's (BLDC) accountant on a regularly scheduled basis so that the bank reconciliations could be reviewed or completed on a timely basis.

Effect

The consolidated financial statements of the BLDC could be misstated for banking transactions not recorded in the BLDC's accounting system, or transactions recorded in the accounting system but have not been processed by the bank.

Recommendation

We recommend that banking and accounting information be provided to the BLDC's accountant on a regularly scheduled basis so that a review of the bank reconciliation completed by the BLDC is done on a timely basis. As part of the reconciliation process a comparison of the transactions reported on the bank statement to the BLDC's accounting system should be done to ensure that all transactions have been recorded. Special attention should be made for the ACH transactions recorded by the bank are recorded in the BLDC's accounting system.

Response

BLDC agrees with the recommendation, in 2023, the management of the Marina will be working BLDC's accountant to establish a schedule where the bank accounts are reconciled within 15 days after receipt of the monthly bank statements and other related information. The Marina's management will be report to the BLDC's Board about the completion of the monthly reconciliations.