TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION

Financial Statements
as of December 31, 2025
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Accounting, Consulting & More

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INDEPENDENT AUDITOR'S REPORT

Month XX, 2026

To the Board of Directors of
Tioga County Local Development Corporation:

Opinion

We have audited the accompanying financial statements of Tioga County Local Development Corporation (the Corporation), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of an Error

As discussed in Note 7 to the basic financial statements, the Corporation corrected an error relating to valuation of grants receivable at December 31, 2024. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Changes in Accounting Principles

As discussed in Note 7 to the basic financial statements, during the year ended December 31, 2025, the Corporation adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases* and Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

The Corporation's 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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 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.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information
Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing required supplementary information.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated Month XX, 2026 on our consideration of the Corporation's internal control over financial reporting on our tests of its compliance with certain provision 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION

Statement of Net Position
December 31, 2025

		2025
ASSETS		
CURRENT ASSETS:		
Cash	$	129,498
Prepaid expenses		2,947
Total current assets		132,445
NONCURRENT ASSETS		
Right-of-use lease asset, net		30,120
Security deposit		1,250
Total noncurrent assets		31,370
Total assets		163,815
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable		2,467
Accrued payroll		3,587
Deferred revenue		22,324
Accrued interest payable		91
Lease liability - current portion		12,025
Total current liabilities		40,494
NONCURRENT LIABILITIES		
Compensated absences liability		12,130
Lease liability - net of current portion		21,634
Total liabilities		74,258
NET POSITION		
Net investment in capital assets		(3,539)
Unrestricted		93,096
Total net position	$	89,557

The accompanying notes are an integral part of these statements.

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION

Statement of Revenues, Expenses and Change in Net Position
For the Year Ended December 31, 2025

	2025
OPERATING REVENUES:	
Grant and government subsidy revenue	$ 224,244
Total operating revenues	224,244
OPERATING EXPENSES:	
Payroll and payroll-related expenses	129,409
ILNY program expense	69,978
Memberships	15,650
Amortization expense	11,294
Professional services	11,380
Website maintenance	4,671
Insurance	2,886
Shared services	9,180
Other operating expenses	24,015
Total operating expenses	278,463
OPERATING INCOME (LOSS)	(54,219)
NON-OPERATING INCOME (EXPENSE):	
Interest income	241
Interest expense	(172)
Total non-operating income (expense)	69
CHANGE IN NET POSITION	(54,150)
NET POSITION - beginning of year (as previously reported)	177,561
RESTATEMENT (Note 7)	(33,854)
NET POSITION - beginning of year (as restated)	143,707
NET POSITION - end of year	$ 89,557

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION

Statement of Cash Flows
For the Year Ended December 31, 2025

	2025
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grants and government subsidies	$ 220,694
Cash paid for payroll and payroll-related expenses	(126,746)
Cash paid for ILNY program expenses	(69,978)
Cash paid for memberships	(15,650)
Cash paid for professional services	(11,380)
Cash paid for website maintenance	(4,671)
Cash paid for shared services	(6,713)
Cash paid for insurance and other operating expenses	(28,804)
Net cash from operating activities	(43,248)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash payments for lease liability	(11,533)
Net cash from investing activities	(11,533)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from interest income	241
Net cash from investing activities	241
NET CHANGE IN CASH	(54,540)
CASH - beginning of year	184,038
CASH - end of year	$ 129,498
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income (loss)	$ (54,219)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:	
Amortization	11,294
Changes in:	
Grants receivable	975
Prepaid expenses	(1,903)
Accounts payable	2,467
Accrued payroll	3,265
Compensated absences liability	(602)
Deferred revenue	(4,525)
Net cash flow from operating activities	$ (43,248)

The accompanying notes are an integral part of these statements.

1. THE CORPORATION

The Tioga County Local Development Corporation (the Corporation) has a stated mission to support the expansion, encouragement and development of economic opportunity and employment in the County of Tioga, New York (the County). The Corporation is responsible for promoting growth of the tourism industry in County by promoting its attractions, the rural character, quality of life, and charm of the County to attract out-of-County visitors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial principles.

Measurement Focus and Basis of Accounting

The Corporation operates as a proprietary fund. Proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

The Corporation utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

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 disclosure 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 Tax Status

The Corporation was organized as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash
The Corporation's cash primarily consists of demand deposits.

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits.

The Corporation maintained cash balances with a financial institution insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, for demand and non-demand accounts. At December 31, 2025, the Corporation's deposits consisted of $138,444 and were fully insured by the FDIC.

Grant Receivable
Grant receivable consists of amounts of earned grant revenue that have not yet been received.

Right-of-use Lease Asset
Right-of-use lease asset at December 31, 2025 comprises a lease arrangement asset with a term greater than one year. The Corporation does not implement a capitalization threshold for these assets. Right-of-use lease assets are amortized on a straight-line basis over the term of the agreement.

Deferred Revenue
Deferred revenue mainly consists of amounts of received grant and government subsidy revenue for which the definition of earned has not been met. Such amounts are reflected as a liability until the amounts are deemed earned and then recognized as revenue.

Compensated Absences
Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation are specified in the Corporation's Employee Handbook. Corporation employees are granted vacation time in varying amounts, based on length of service. Some earned benefits may be forfeited if not taken within varying time periods. Consistent with GASB Standards, the liability is included in the Statement of Net Position. The compensated absences liability is calculated based on the pay rates in effect at year-end.

Operating and Non-Operating Revenues and Expenses
As a business-type activity, the Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues are comprised of grant and government subsidy revenue resulting from exchange transactions associated with the principal activities of the Corporation. Operating expenses generally result from the promotion of tourism in Tioga County in accordance with the Corporation's mission. Other operating expenses generally comprise of costs of supplies, advertising, meetings and conferences and utilities. All other transactions are considered non-operating activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position
Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – capital assets including right-of-use lease assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Corporation has a net investment in capital assets of ($3,539) at December 31, 2025.

b. Restricted net position – net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Corporation did not have restricted net position at December 31, 2025.

c. Unrestricted net position – all other net position that does not meet the definition of net investment in capital assets or restricted net position. It is the Corporation's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. TRANSACTIONS WITH TIOGA COUNTY

The Tioga County Legislature appoints the Corporation's nine directors. The Director of the County's Department of Economic Development and Planning serves as President of the Corporation. The Corporation receives funding from the County approved as part of the County's annual budget. Payments from the County totaled $170,000 during the year ended December 31, 2025.

The Corporation operates within Tioga County Tourism, which has a shared services agreement with the Tioga County for information technology and communication services. During the year ended December 31, 2025, the Corporation incurred expenses under the agreement totaling $9,180.

4. CONCENTRATIONS

During the year ended December 31, 2025, the Corporation's revenue mainly included funding for operations received from Tioga County which amounted to approximately 76% of total operating revenues, as well as grant revenue earned under the New York State Department of Economic Development's Division of Tourism I Love New York Matching Funds, amounting to approximately 15% of total operating revenues.

5. LEASE

The Corporation has a lease agreement for office space with Gateway Owego, LLC. Payments are made monthly at the beginning of each month and are subject to a 2.5% annual increase.

Description	Inception Date	Term (in months)	Interest Rate / Discount Rate	Total Initial Lease Liability
Office space	1/1/2022	80	3.26%	$ 75,300

Activity of lease liability for the year ended December 31, 2025 is summarized as follows:

Beginning Balance (As Restated)	Additions	Subtractions	Ending Balance	Amount Due Within One Year
$ 44,989	$ -	$ (11,330)	$ 33,659	$ 12,025

Annual requirements to amortize long-term obligations and related interest are as follows:

	Principal	Interest	Total
2026	$ 12,025	$ 920	$ 12,945
2027	12,751	517	13,268
2028	8,883	109	8,992
Total	$ 33,659	$ 1,546	$ 35,205

Activity of the right-of-use lease asset for the year ended December 31, 2025 is as follows:

Beginning Balance (As Restated)	Additions	Subtractions	Ending Balance
$ 41,414	$ -	$ (11,294)	$ 30,120

6. COMPENSATED ABSENCES

The Corporation has accrued the amounts necessary to record its liability to employees for accumulated compensated absences. The net change in liability for the year ended December 31, 2025 is as follows:

Beginning Balance (As Restated)	Additions	Subtractions	Ending Balance
$ 12,732	$ -	$ (602)	$ 12,130

Additions and deletions are shown net since it is impractical to determine these amounts separately.

7. RESTATEMENT

Correction of an Error
During 2025, the Corporation discovered that grants receivable recorded as of December 31, 2024 totaling $17,425 were overstated.

Changes in Accounting Principle
During the year ended December 31, 2025, the Corporation also implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This Statement enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use and underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset.

During the year ended December 31, 2025, the Corporation also implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

These changes were incorporated in the Corporation's financial statements and had the following impact on beginning net position:

	Grants receivable	Right-of-use lease asset, net	Lease liability	Accrued interest payable	Compensated absences liability	Net Position
Balance as of December 31, 2024, as previously stated	$ 18,400	$ 42,073	$ (42,073)	$ -	$ -	$ (177,561)
Restatement for error correction	(17,425)	-		-	-	17,425
Restatement for change in change in accounting principle - GASB 87	-	(659)	(2,916)	(122)	-	3,697
Restatement for change in change in accounting principle - GASB 101	-	-	-	-	(12,732)	12,732
Balance as of January 1, 2025, as restated	$ 975	$ 41,414	$ (44,989)	$ (122)	$ (12,732)	$ (143,707)

8. SUBSEQUENT EVENT

On March 6, 2026, $19,180 in unspent funding received under the New York State Department of Economic Development's Division of Tourism I Love New York Matching Funds Program was returned in accordance with conditions of the Program agreement.

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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*

Month XX, 2026

To the Board of Directors of the
Tioga County 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 the Tioga County Local Development Corporation (the Corporation), of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated Month XX, 2026.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) 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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001 and 2025-002 that we consider to be material weaknesses.

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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*
(Continued)

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Tioga County Local Development Corporation's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

TIOGA COUNTY LOCAL DEVELOPMENT CORPORATION

Schedule of Findings and Responses
For the Year Ended December 31, 2025

Reference: 2025-001

Criteria:
Governmental accounting standards require the Corporation to implement applicable GASB pronouncements, including GASB Statement No. 101, Compensated Absences, to ensure liabilities and related expenses are recognized, measured, and conform to the standards. In addition, management is responsible for designing and maintaining internal control over financial reporting to provide reasonable assurance that transactions are properly recorded and that account balances (including compensated absences) are supported, reviewed, and reconciled using complete and accurate underlying records.

Condition:
Management did not implement GASB Statement No. 101, *Compensated Absences*. As a result, the Corporation materially understated expenses and accrued compensated absences liabilities as of January 1, 2025, in the amount of approximately $12,000.

In addition, management did not establish formal, consistently applied procedures to (1) monitor compensated absences earned and used across employees and (2) ensure accumulated balances comply with limits established in the employee handbook.

Cause:
Management did not timely update accounting policies and related financial reporting procedures for the adoption of GASB Statement No. 101 and did not implement a standardized process, with defined roles and supervisory review, to track compensated absences earned, used, and carried forward and to enforce handbook limits.

Effect:
The Corporation's expenses and accrued compensated absences liabilities were materially understated as of January 1, 2025, by approximately $12,000. In addition, without formal and consistently applied monitoring procedures, the Corporation is at increased risk that compensated absences will be misstated in the financial statements, that employee leave balances will not be accurately tracked, and that accumulated balances may exceed limits established in the employee handbook without timely detection and corrective action.

Recommendation:
1. Adopt and implement GASB Statement No. 101, including documenting the Corporation's accounting policy and the methodology, assumptions, and data used to calculate the compensated absences liability at each reporting date.
2. Develop and implement a consistent process across the Corporation for tracking compensated absences earned, used, and carried forward, including defined roles and responsibilities, supervisory review, and periodic reconciliations to underlying payroll/HR records.
3. Review the employee handbook to ensure provisions related to compensated absences (including maximum accruals, carryover, payout provisions, and usage rules) are current, communicated, and consistently enforced; and address instances where balances exceed established limits.
4. Maintain supporting documentation for compensated absences balances and related calculations sufficient to support financial reporting and audit requirements.

Management's Response:
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Reference: 2025-002

Criteria:
Governmental accounting standards require that revenue and related receivables be recognized only when collection is probable, and that financial statements present fairly, in all material respects, the financial position and results of operations in conformity with generally accepted accounting principles (GAAP). Additionally, effective internal controls should be in place to ensure the accuracy and completeness of recorded revenues and receivables, including regular assessments of collectibility and timely adjustments for uncollectible amounts.

Condition:
The Corporation had previously recognized grant revenue and established corresponding receivables for the years ended December 31, 2023, 2024, and 2025. Upon review, it was determined that approximately $18,000 of these receivables were not collectible as of January 1, 2025.

Cause:
Management did not have adequate procedures in place to regularly assess the collectibility of grant receivables at each reporting date. As a result, non-collectible receivables were not identified and written off in a timely manner, and corresponding revenue was not reversed.

Effect:
The Corporation's grant revenue and receivable balances were materially overstated by approximately $18,000 as of January 1, 2025. This required a material adjustment to the financial statements to accurately reflect collectible amounts. Without robust procedures for evaluating and adjusting receivables, there is an increased risk of material misstatement in the financial statements.

Recommendation:
We recommend that management implement procedures to regularly review the collectability of grant receivables and assess the likelihood of collection at each reporting date. Non-collectible grant receivables should be written off promptly, and corresponding revenue should be reversed to ensure the accuracy of the financial statements. Additionally, management should document the review process and maintain supporting evidence for any adjustments made to grant revenue and receivables.

Management's Response:
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