

Sherburne Area Local Development Corporation
(A New York Public Authority)

Financial Report
December 31, 2025 and 2024

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Independent Auditor's Report

Board of Directors
Sherburne Area Local Development Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Sherburne Area Local Development Corporation (Corporation) as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2025 and 2024, and the changes in its financial position and its cash flows for the years 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

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 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 GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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.

Required Supplementary Information

Management has omitted management's discussion and analysis 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 opinion on the basic financial statements is not affected by this missing information.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Corporation's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Latham, New York
March 12, 2026



Sherburne Area Local Development Corporation
(A New York Public Authority)

Statements of Net Position

ASSETS	December 31,	
	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 126,829	\$ 177,846
Grants receivable	8,000	11,000
Total current assets	134,829	188,846
NONCURRENT ASSETS		
Grants receivable, less current installments	7,000	18,000
Capital assets		
Non-depreciable	929,935	825,683
Depreciable, net	1,066,149	1,108,299
Total noncurrent assets, net	2,003,084	1,951,982
	\$ 2,137,913	\$ 2,140,828
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accrued interest	\$ 83,093	\$ 78,444
NONCURRENT LIABILITIES		
Mortgage payable	190,531	190,531
NET POSITION		
Net investment in capital assets	1,805,553	1,743,451
Unrestricted	58,736	128,402
	1,864,289	1,871,853
	\$ 2,137,913	\$ 2,140,828

See accompanying Notes to Financial Statements.

Sherburne Area Local Development Corporation
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Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,	
	2025	2024
OPERATING REVENUES		
Rental income	\$ 63,000	\$ 63,000
Grant income	1,229,981	33,000
	1,292,981	96,000
OPERATING EXPENSES		
Professional services	7,200	6,250
Fiber project		
Grant application fees	7,007	250
Local grants	1,229,981	-
Property costs		
Taxes	7,708	-
Utilities	1,578	-
Repairs and maintenance	4,774	-
Office expense	98	297
Depreciation	42,150	42,150
	1,300,496	48,947
Operating income (loss)	(7,515)	47,053
NONOPERATING INCOME (EXPENSE)		
Interest income	4,600	4,528
Interest expense	(4,649)	(4,649)
	(49)	(121)
Change in net position	(7,564)	46,932
NET POSITION, <i>beginning of year</i>	1,871,853	1,824,921
NET POSITION, <i>end of year</i>	\$ 1,864,289	\$ 1,871,853

See accompanying Notes to Financial Statements.

Sherburne Area Local Development Corporation
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Statements of Cash Flows

	Years Ended December 31,	
	2025	2024
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from rents and grants	\$ 1,306,981	\$ 67,000
Cash paid to vendors	(1,258,346)	(6,797)
	48,635	60,203
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of land	(104,252)	(36,544)
	4,600	4,528
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income	4,600	4,528
	(51,017)	28,187
Net increase (decrease) in cash and cash equivalents		
	177,846	149,659
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>		
	\$ 126,829	\$ 177,846
CASH AND CASH EQUIVALENTS, <i>end of year</i>		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (7,515)	\$ 47,053
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	42,150	42,150
Decrease (increase) in grants receivable	14,000	(29,000)
	\$ 48,635	\$ 60,203

See accompanying Notes to Financial Statements.

Sherburne Area Local Development Corporation
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Notes to Financial Statements
December 31, 2025 and 2024

Note 1. Organization and Summary of Significant Accounting Policies

a. Organization and Purpose

The Sherburne Area Local Development Corporation (Corporation) was created in February 2008, under the provisions of Section 1411 of the Not-For-Profit Law of the State of New York, for the purpose of relieving and reducing unemployment by promoting and providing job opportunities in the Village of Sherburne, New York (Village) and surrounding communities. This is accomplished by making revolving loans to local businesses to enhance redevelopment, as well as further development of the central business district of the Village, including real estate and infrastructure development and management, real estate, and infrastructure project finance, and other community-based economic development.

The Corporation is governed by a voting Board of Directors (Board) consisting of no less than three and no more than seven with the exact number established by resolution. The Mayor of the Village serves as an ex officio member of the Corporation's Board. At the Corporation's annual meeting, the Board appoints directors for positions where directorship is created, or the term of a director has expired.

b. Basis of Accounting and Financial Statement Presentation

The Corporation's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Corporation is determined by its measurement focus. The transactions of the Corporation are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statements of net position. Net position is presented in the following categories:

- Net investment in capital assets: Consists of capital assets, net of accumulated depreciation less the outstanding indebtedness used to finance those capital assets.
- Restricted: Consists of assets with externally placed constraints net of liabilities that will be liquidated from these assets.
- Unrestricted: Consists of assets and liabilities that do not meet the definition of "net investment in capital assets" or "restricted."

Revenues are recognized when earned, and expenses are recognized when incurred. The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues are determined based on the services provided by the Corporation. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Revenues from grants are recognized when an unconditional grant is made, even if the actual cash or assets have not been received. An estimate of grants that may not be collected, if any, are recorded as an allowance for uncollectible grants. As of December 31, 2025, management considers grants receivable to be fully collectible.

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Notes to Financial Statements
December 31, 2025 and 2024

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

d. Capital Assets

Capital assets are reported at cost. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs, if any, are expensed as incurred. Donated capital assets are recorded at estimated fair value at the date of the donation. When capital assets are retired or disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited to operations. The Corporation incurred start-up costs related to its creation and organization. These costs include legal and other professional fees and are recorded as other capital assets.

Depreciation for the Corporation's building is recorded under the straight-line method using an estimated useful life of forty years. Other capital assets are being depreciated under the straight-line method using an estimated useful life of 20 years.

The Corporation evaluated prominent events or changes in circumstances affecting capital assets to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both: (a) the decline in service utility of the capital asset is large in magnitude; and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2025 or 2024.

e. Tax Status

The Corporation is exempt from income taxes as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and comparable New York State law. Accordingly, no provisions have been made for income taxes in these financial statements.

f. Subsequent Events

The Corporation has evaluated subsequent events for potential recognition or disclosure through March 12, 2026, the date the financial statements were available to be issued.

Note 2. Cash, Cash Equivalents, and Investments

The Corporation considers all investments with a maturity of three months or less from the date of acquisition to be cash equivalents.

Collateral is required for demand deposits and certificates of deposit. Obligations that may be pledged as collateral are obligations of the United States and its agencies, New York State, irrevocable letters of credit issued by a qualified bank, or a surety bond. Cash balances at December 31, 2025 were fully collateralized.

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Notes to Financial Statements
December 31, 2025 and 2024

Note 2. Cash, Cash Equivalents, and Investments (Continued)

The Corporation records investments at fair value, except for debt securities with a maturity of one year or less from the date of acquisition; these securities are valued at amortized cost. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date. The Corporation's investment policies are governed by New York State statutes. In addition, the Corporation has its own written investment policy. Corporation monies must be deposited in Federal Deposit Insurance Corporation insured commercial banks or trust companies located within the State. The Corporation is authorized to use demand accounts, money market accounts, and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and agencies of the United States of America and obligations of New York State.

Note 3. Grants Receivable

During 2024, the Corporation entered into grant agreements with two external parties to assist with the financing of a certain parcel of land. The terms of the grants call for annual receipts during the period 2024 to 2027. The amount of grant receipts to be received in future years related to these agreements are as follows:

Year ending December 31,		
2026	\$	8,000
2027		7,000
		15,000
	\$	15,000

In 2024, the Corporation recognized \$29,000 in grant revenue receivable. The Corporation received \$14,000 pursuant to those agreements during the year ended December 31, 2025.

Note 4. Capital Assets

A summary of the Corporation's capital assets is as follows:

	December 31, 2025			
	Balance at Beginning of Year	Additions	Dispositions	Balance at End of Year
Depreciable				
Building	\$ 1,644,358	\$ -	\$ -	\$ 1,644,358
Other assets	20,824	-	-	20,824
Less accumulated depreciation	(556,883)	(42,150)	-	(599,033)
Total depreciable capital assets	1,108,299	(42,150)	-	1,066,149
Non-depreciable				
Land and land improvements	825,683	104,252	-	929,935
Total capital assets, net	\$ 1,933,982	\$ 62,102	\$ -	\$ 1,996,084

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Notes to Financial Statements
December 31, 2025 and 2024

Note 4. Capital Assets (Continued)

	December 31, 2024			
	Balance at Beginning of Year	Additions	Dispositions	Balance at End of Year
Depreciable				
Building	\$ 1,644,358	\$ -	\$ -	\$ 1,644,358
Other assets	20,824	-	-	20,824
Less accumulated depreciation	(514,733)	(42,150)	-	(556,883)
Total depreciable capital assets	1,150,449	(42,150)	-	1,108,299
Non-depreciable				
Land and land improvements	789,139	36,544	-	825,683
Total capital assets, net	\$ 1,939,588	\$ (5,606)	\$ -	\$ 1,933,982

Land and land improvements include the following properties:

Property	Purpose	Acres
Sherburne Electric Business Park	Multi-tenant industrial park	30.92
Union and Smith Drive	Future economic development	9.97
Rexford Falls Road	Future economic development	0.89
65 North Main Street	Future economic development	0.21
81 North Main Street	Future economic development	0.06

Note 5. Mortgage Payable

During 2008 and 2009, the Village loaned the Corporation \$295,000 to finance the acquisition of a certain parcel of land and to provide funding for certain organizational costs of the Corporation. During 2012, the Corporation made a \$100,000 payment to the Village to begin its pay down of principal on this mortgage. The balance of the mortgage at December 31, 2025 and 2024 was \$190,531.

Terms of the mortgage include monthly payments of interest at 2.44%, with a balloon payment of \$190,531 due at maturity on January 1, 2028. The loan is secured by the property financed and all fixtures and personal property which now are, or which later may be attached to the property.

The Corporation is currently in arrears with its scheduled payments of interest. Unpaid scheduled interest totaled \$83,093 and \$78,444 at December 31, 2025 and 2024, respectively.

Interest expense incurred on this indebtedness for both the years ended December 31, 2025 and 2024 totaled \$4,649.

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Note 6. Rental Agreement

The Corporation has a lease agreement with the Village for the rental of a building owned by the Corporation. The lease renews annually each January 1st through 2027 and includes annual rent of \$63,000 due each April 1. The Village is responsible for most building related expenses, including water, gas, oil, electricity, heat, telephone, sewage, trash removal, janitorial service, insurance, and snow removal.

Note 7. Federal Grant Program

The Corporation is the recipient of a U.S. Department of Treasury's Coronavirus Capital Project Fund grant, passed down from the New York State Empire State Development Corporation (ESD) in the total amount of \$6,939,104. The grants funds are to be used exclusively for the "Open Access Fiber Network for Towns of Sherburne and Columbus" project, as defined under the agreement. Grant receipts are subject to the achievement of various milestones, as outlined in the grant. During 2025, the Corporation met Milestone 1, resulting in the receipt of \$1,229,981. Milestones 2 through 4 are expected to be met in year 2026, resulting in three equal payments of \$1,903,041.

The grant is subject to financial and compliance audits by the grantor or their representatives. The Corporation believes, based upon its review of the current activity that the amount of amount of disallowances from these audits, if any, would not be significant to the Corporations financial position or results of operations.

Note 8. Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model including a reiteration of the Management Discussion and Analysis requirements, description and presentation requirements for unusual or infrequent items, definitions of nonoperating revenues and expenses, major component unit presentation requirements, and the requirement that budgetary comparison information be presented as required supplementary information versus a statement. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis, for State and Local Governments*. It also establishes disclosure requirements for capital assets held for sale, including disclosures relating to debt for which the capital assets held for sale are pledged as collateral. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.