

OTSEGO COUNTY CAPITAL RESOURCE
CORPORATION

REPORT TO THE BOARD OF DIRECTORS

Year Ended December 31, 2023

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March 28, 2024

Board of Directors
Otsego County Capital Resource Corporation
Oneonta, New York

Dear Members of the Board:

We are pleased to present the results of our audit of the financial statements of Otsego County Capital Resource Corporation (“OCCRC”) for the year ended December 31, 2023.

Our plan for this year’s audit included a commitment to understand and deliver on management’s expectations. Our approach to the audit was designed to combine a historical perspective with a focus on OCCRC’s industry and current emerging business issues.

This report to the Board of Directors summarizes our audit process, the scope of our engagement, the reports issued and various observations related to OCCRC’s financial position and the respective changes in financial position. The document also reviews the Board of Directors communications required by our professional standards, as well as current accounting issues that will affect OCCRC.

The completion of this year’s audit was accomplished through the effective support and the assistance of OCCRC’s personnel. As always, we strive to continually improve the quality of our audit services.

We appreciate the opportunity to serve you. If you have any questions or comments, please call us at (607) 432-8700.

Sincerely,

Mostert, Manzanero & Scott, LLP

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SUMMARY OF WHAT WE AGREED TO DO

Our Approach

As communicated to management and the Board of Directors in our planning letter dated December 1, 2023 our audit plan represented an approach responsive to the assessment of risk of OCCRC. Specifically, we designed our audit to:

- Issue an opinion on the financial statements of OCCRC for the year ended December 31, 2023.
- Issue a management letter to the Board of Directors and management.
- Issue an Independent Auditors' 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*.

Areas of Audit Emphasis

The principal areas of audit emphasis were as follows:

- Revenues, grants, and related receivables;
- Audit risk assessment;
- Accounts payable and accrued expenses; and
- Related part activity.

There were no changes to our planned approach or areas of audit emphasis.

REQUIRED COMMUNICATIONS

Board of Directors
Otsego County Capital Resource Corporation
Oneonta, New York

We have audited the financial statements of Otsego County Capital Resource Corporation (“OCCRC”) for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by OCCRC are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by OCCRC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no accounting estimates reflected in the financial statements that we consider to be of a material nature.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 28, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to OCCRC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as OCCRC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Otsego County Capital Resource Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Mastert, Manzanero & Scott, LLP

Oneonta, New York
March 28, 2024

MANAGEMENT LETTER

Board of Directors
Otsego County Capital Resource Corporation
Oneonta, New York

In planning and performing our audit of the financial statements of Otsego County Capital Resource Corporation (“OCCRC”) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered OCCRC’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 OCCRC’s internal control. Accordingly, we do not express an opinion on the effectiveness of OCCRC’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of OCCRC’s financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Best Practice Comment

During our audit, we noticed that the prior year’s adjusting journal entries had not been entered into OCCRC’s QuickBooks file. Although the adjusting journal entries were immaterial, in an effort to produce accounting reports that are as accurate and meaningful as possible, we recommend that the audit adjusting journal entries be recorded upon review and approval of the audited financial statements.

This communication is intended solely for the information and use of the Board of Directors, management and others within OCCRC, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mistert, Manzanero & Scott, LLP

Oneonta, New York
March 28, 2024