

**TIOGA COUNTY PROPERTY DEVELOPMENT
CORPORATION**

**Financial Statements as of
December 31, 2025 and 2024
Together with
Independent Auditor's Report**

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

TABLE OF CONTENTS

December 31, 2025

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS	
Statements of Net Position	8
Statements of Revenues, Expenses and Change in Net Position	9
Statements of Cash Flows	10
Notes to Basic Financial Statements	11
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 <i>GOVERNMENT AUDITING STANDARDS</i>	15

INDEPENDENT AUDITOR'S REPORT

March 25, 2026

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Tioga County Property Development Corporation (the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation as of December 31, 2025 and 2024, and the respective changes in financial position and cash flows thereof 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 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.

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.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

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.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 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.

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2025 and 2024

This section of the Tioga County Property Development Corporation (the Corporation) annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal years ended December 31, 2025, 2024, and 2023. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

GENERAL INFORMATION

The Corporation was incorporated in March 2017, but activity began in 2019. The mission was to foster economic and community development by acquiring, holding, managing, developing and marketing distressed, vacant, abandoned, tax foreclosed and under-utilized residential and commercial properties.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: this section, the Management's Discussion and Analysis (MD&A) and the basic financial statements. The Corporation is a self-supporting entity and follows business-type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activity statements offer short-term and long-term financial information about the activities and operations of the Corporation. This annual report consists of the financial statements and notes to those statements. The Statements of Net Position, Statements of Revenues, Expenses and Change in Net Position, the Statements of Cash Flows and related notes provide a detailed look at the specific financial activities of the Corporation and generally provide an indication of the Corporation's financial health. The Statements of Net Position include all of the Corporation's assets and liabilities, using the accrual basis of accounting. The Statements of Revenues, Expenses and Change in Net Position report all of the revenues and expenses during the time period indicated. The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for debt.

FINANCIAL HIGHLIGHTS

- The Corporation's net position at December 31, 2025 is \$641,911 compared to \$308,893 at December 31, 2024 and \$228,767 at December 31, 2023.
- Total current assets at December 31, 2025 are \$1,105,399, \$751,318 at December 31, 2024 and \$647,340 at December 31, 2023. It is comprised of cash on hand, inventory, receivables, and prepaid expenses.
- Total current liabilities at December 31, 2025 are \$463,488, \$442,425 at December 31, 2024 and \$418,573 at December 31, 2023. The liabilities are comprised of unearned grant revenue, payables and accrued liabilities.
- Operating revenues in 2025, 2024, and 2023 were \$916,224, \$450,568, and \$601,922, respectively, primarily as a result of grant and government subsidy revenue, rental income, and property sales. Operating expenses mainly comprised of cost of sales, professional services and unrealized loss on inventory – \$908,375 in 2025, \$375,555 in 2024 and \$583,407 in 2023.

FINANCIAL ANALYSIS OF THE CORPORATION

Below is an analysis of the assets, liabilities, revenues, and expenses of the Corporation.

Summary of Assets, Liabilities, and Net Position

	<u>2025</u>	<u>2024</u> (As Restated)	<u>2023</u>
Current assets	\$ 1,105,399	\$ 751,318	\$ 647,340
Current liabilities	<u>463,488</u>	<u>442,425</u>	<u>418,573</u>
Total net position	<u>\$ 641,911</u>	<u>\$ 308,893</u>	<u>\$ 228,767</u>

Current Assets

Current assets were comprised of cash, inventory, grant receivables and prepaid expenses.

Inventory

Properties held for sale comprise inventory. At December 31, 2025, 2024 and 2023, the Corporation owned 22, 21, and 24 properties, respectively.

Capital Assets

At this moment, the Corporation does not possess any capital assets.

Current Liabilities

Current liabilities are comprised of unearned grants, payables and accrued liabilities. One grant advance is part of the American Rescue Plan Act (ARPA) funds received from Tioga County. All \$500,000 in funds per the agreement were disbursed by the County and received in 2021. Revenue is recognized as funds are spent on allowable expenses.

Also, another grant advance is part of a grant awarded from the Floyd Hooker Foundation. All \$65,000 in funds per the agreement were disbursed in 2022. Revenue is recognized as funds are spent on allowable expenses.

An additional grant advance is part of a grant awarded from the Community Foundation for South Central New York. All \$8,000 in funds per the agreement were disbursed in 2025. Revenue is recognized as funds are spent on allowable expenses.

Summary of Revenues, Expenses and Change in Net Position

	<u>2025</u>	<u>% of Total</u>	<u>2024</u>	<u>% of Total</u>	<u>2023</u>	<u>% of Total</u>
OPERATING REVENUES:			(As Restated)			
Grant and government subsidy revenue	\$ 914,095	99.77%	\$ 440,568	97.78%	\$ 589,922	98.01%
Rental Income	2,129	0.23%	-	0.00%	-	0.00%
Property sales	<u>-</u>	0.00%	<u>10,000</u>	2.22%	<u>12,000</u>	1.99%
Total operating revenues	<u>916,224</u>		<u>450,568</u>		<u>601,922</u>	
OPERATING EXPENSES:						
Cost of sales	34,171	3.76%	270,758	72.09%	243,796	41.78%
Unrealized loss on inventory	777,576	85.60%	22,727	6.05%	91,578	15.70%
General & admin expenses	2,090	0.23%	2,764	0.74%	3,304	0.57%
Professional services	91,721	10.10%	78,039	20.78%	243,332	41.71%
Insurance	2,724	0.30%	1,267	0.34%	1,258	0.22%
Other expense	<u>93</u>	0.01%	<u>-</u>	0.00%	<u>139</u>	0.02%
Total operating expenses	<u>908,375</u>		<u>375,555</u>		<u>583,407</u>	
OPERATING INCOME (LOSS)	<u>7,849</u>		<u>75,013</u>		<u>18,515</u>	
NON-OPERATING INCOME:						
Interest income	<u>2,669</u>		<u>5,113</u>		<u>2,500</u>	
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>10,518</u>		<u>80,126</u>		<u>21,015</u>	
CONTRIBUTIONS:						
Inventory contribution	<u>322,500</u>		<u>-</u>		<u>-</u>	
CHANGE IN NET POSITION	333,018		80,126		21,015	
NET POSITION - beginning of year	<u>308,893</u>		<u>228,767</u>		<u>207,752</u>	
NET POSITION - end of year	<u>\$ 641,911</u>		<u>\$ 308,893</u>		<u>\$ 228,767</u>	

Operating Revenues

Operating revenues primarily include grant revenue, rental income, and property sales. There were no property sales in 2025. The number of properties sold in 2024 and 2023 were 3 and 6, respectively.

Operating Expenses

Operating expenses primarily include cost of sales, unrealized loss on inventory and professional services.

Operating Results

The Corporation had operating income of \$7,849 for the year ended December 31, 2025 and operating income of \$75,013 for the year ended December 31, 2024. The decrease from the prior year was the result of a significant increase in unrealized loss on inventory and an increase in professional services expenses, which was significantly offset by an increase of \$465,656 in grant revenues and a \$236,587 decrease in cost of sales. Professional services expense increased by approximately \$14,000 due to outside contract services expenses incurred during the year. Unrealized loss on inventory increased from the prior year mainly as the result of a re-valuation of several properties in the current year.

Request For Information

This financial report is designed to provide the reader with a general overview of the Corporation's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Tioga County Property Development Corporation, 56 Main Street #109, Owego, NY 1382.

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

Statements of Net Position December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u> (As Restated)
ASSETS		
CURRENT ASSETS:		
Cash	\$ 175,894	\$ 384,749
Grants receivable	286,171	133,805
Inventory	638,957	232,324
Prepaid expenses	<u>4,377</u>	<u>440</u>
Total current assets	<u>1,105,399</u>	<u>751,318</u>
Total assets	<u>1,105,399</u>	<u>751,318</u>
LIABILITIES		
CURRENT LIABILITIES:		
Payables and accrued expenses	68,113	49,623
Unearned revenue	<u>395,375</u>	<u>392,802</u>
Total current liabilities	<u>463,488</u>	<u>442,425</u>
Total liabilities	<u>463,488</u>	<u>442,425</u>
NET POSITION		
Unrestricted	<u>641,911</u>	<u>308,893</u>
Total net position	<u>\$ 641,911</u>	<u>\$ 308,893</u>

The accompanying notes are an integral part of these statements.

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

Statements of Revenues, Expenses and Change in Net Position For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u> (As Restated)
OPERATING REVENUES:		
Grant and government subsidy revenue	\$ 914,095	\$ 440,568
Rental income	2,129	-
Sale of inventory	<u>-</u>	<u>10,000</u>
Total operating revenues	<u>916,224</u>	<u>450,568</u>
OPERATING EXPENSES:		
Cost of sales	34,171	270,758
Unrealized loss on inventory	777,576	22,727
General and administrative expenses	2,090	2,764
Professional services	91,721	78,039
Insurance	2,724	1,267
Other expense	<u>93</u>	<u>-</u>
Total operating expenses	<u>908,375</u>	<u>375,555</u>
OPERATING INCOME (LOSS)	<u>7,849</u>	<u>75,013</u>
NON-OPERATING INCOME:		
Interest income	<u>2,669</u>	<u>5,113</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>10,518</u>	<u>80,126</u>
CONTRIBUTIONS:		
Donated inventory	<u>322,500</u>	<u>-</u>
CHANGE IN NET POSITION	333,018	80,126
NET POSITION - beginning of year	<u>308,893</u>	<u>228,767</u>
NET POSITION - end of year	<u>\$ 641,911</u>	<u>\$ 308,893</u>

The accompanying notes are an integral part of these statements.

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u> (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grant and government subsidies	\$ 764,302	\$ 364,047
Cash received from sale of inventory	-	10,000
Cash received from rent	2,129	-
Cash paid for inventory	(882,317)	(338,411)
Cash paid for general and administrative expenses	(90)	(2,764)
Cash paid for professional services	(94,668)	(72,889)
Cash paid for insurance	(787)	(1,054)
Cash paid for other expense	<u>(93)</u>	<u>-</u>
Net cash from (used in) operating activities	<u>(211,524)</u>	<u>(41,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from interest	<u>2,669</u>	<u>5,113</u>
Net cash from (used in) investing activities	<u>2,669</u>	<u>5,113</u>
CHANGE IN CASH	(208,855)	(35,958)
CASH - beginning of year	<u>384,749</u>	<u>420,707</u>
CASH - end of year	<u>\$ 175,894</u>	<u>\$ 384,749</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 7,849	\$ 75,013
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:		
Unrealized loss on inventory	777,576	22,727
Changes in:		
Inventory	(861,709)	(87,947)
Grant receivables	(152,366)	(74,929)
Prepaid expenses	(3,937)	213
Payables and accrued expenses	18,490	25,444
Grant and government subsidy revenue advances	<u>2,573</u>	<u>(1,592)</u>
Net cash from (used in) operating activities	<u>\$ (211,524)</u>	<u>\$ (41,071)</u>

SUPPLEMENTAL NONCASH TRANSACTIONS:

Inventory contributions are a non-cash transaction. The Corporation received \$322,500 of inventory during the year ending December 31, 2025.

The accompanying notes are an integral part of these statements.

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

1. ORGANIZATION

The Tioga County Property Development Corporation (the Corporation) was formed in 2017 to address the problems of vacant, abandoned, or tax delinquent property in the County of Tioga, New York (the County) in a coordinated manner through the acquisition of real property. Operations did not commence until 2019. The mission of the Corporation is to return acquired property to productive use in order to strengthen the economy, improve the quality of life, and improve the financial condition of the municipalities, through the use of the powers and tools granted to land banks by New York State (NYS).

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 these estimates and such differences may be significant.

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

Custodial credit risk related to cash deposits 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 had bank balances totaling \$250,675 at December 31, 2025, all of which was insured by the Federal Deposit Insurance Corporation (FDIC). Bank balances of \$385,610 were held at December 31, 2024, all of which was insured by the FDIC.

Inventory

Inventory consists of vacant, abandoned, or tax delinquent property in the County purchased by the Corporation. Inventory is valued at the lower of cost or market. Inventory donated to the Corporation is recorded at market value. Market value is defined as estimated selling price and is based on assessed value for rehabilitation candidate properties, assessed land value for vacant lots and demolition candidate properties, and third-party appraisals or other methods as deemed appropriate. Cost includes, but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services.

Grants Receivable

Grant receivable represents funds earned but not yet received by the Corporation related to grant and government subsidy revenue. Management does not believe a reserve for uncollectible receivables is necessary at December 31, 2025 and 2024.

Unearned revenue

Unearned revenue is comprised of grant advances that consist of amounts of received 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.

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 mostly comprised of grant and government subsidy revenue resulting from exchange transactions, rental income, and sale of inventory (properties) associated with the principal activities of the Corporation.

The Corporation entered into a short-term lease agreement for rental of real property with a term from October 1, 2025, through September 30, 2026, thus not recorded in accordance with GASB 87 - *Leases*. The lease includes a provision under which rent is abated if the tenant is unable to take possession of the premises at the beginning of the lease term. The Corporation recognized rental income of \$2,129 for the year ended December 31, 2025.

Operating expenses generally result from the acquisition, demolition and renovation of inventory (properties), and general and administrative expenses in accordance with the Corporation's mission. Non-operating income of the Corporation comprises interest earnings on deposits as well as inventory contributions received during the year.

Cost of Sales

At the time of sale of inventory, the book value of inventory is recognized as expense under cost of sales. Cost of sales also include expenses incurred to maintain properties held in inventory that do not meet the definition to be treated as inventory. These include, but are not limited to, property taxes, mowing, and other property maintenance costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrealized Loss on Inventory

Deterioration, damage, changing prices and other factors have caused the cost of certain inventory to exceed its market value. When necessary, inventory is reduced to market value, and an unrealized loss is recognized.

Net Position

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

- a. Net investment in capital assets – capital assets including restricted capital assets, net of accumulated depreciation 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 did not have net investment in capital assets at December 31, 2025 and 2024.
- 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 and 2024.
- 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. CONCENTRATIONS

The Corporation receives significant support from certain governmental entities. The primary source of funding is through grant awards. Grant funding from the Housing Trust Fund Corporation comprised 99% of operating revenue for the year ended December 31, 2025 and 97% in 2024.

4. AGREEMENT WITH COUNTY OF TIOGA, NEW YORK

The Corporation entered into an agreement with Tioga County for the period of January 1, 2023 through December 31, 2024, under which the County provided administrative services, office space, and equipment for the Corporation to operate. This agreement was renewed for the period of January 1, 2025 through December 31, 2025. The Corporation paid an administrative fee of \$6,250 quarterly for the term of the agreement. For the years ended December 31, 2025 and 2024, \$31,250 and \$25,000 in expenses, respectively, were incurred by the Corporation for each year under the agreement.

5. RESTATEMENT

During 2025, it was discovered that a grant receivable and corresponding grant revenue associated with an accrued expense were not recorded for the Land Bank Initiative (LBI) Phase I Grant. As a result, grant receivables and grant revenue were understated by \$5,150 as of and for the year ended December 31, 2024.

As a result of the correction of this error, the Corporation's prior year assets, revenues, and net position were restated, as shown below:

	<u>Grant receivables</u>	<u>Grant and government subsidy revenue</u>	<u>Net Position</u>
Balance as of December 31, 2024, as previously stated	\$ 128,655	\$ 435,418	\$ 303,743
Restatement of beginning balance for correction of error	5,150	5,150	5,150
Balance as of December 31, 2024, as restated	<u>\$ 133,805</u>	<u>\$ 440,568</u>	<u>\$ 308,893</u>

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

March 25, 2026

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tioga County Property 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 and have issued our report thereon dated March 25, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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*.

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.