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March 21, 2022

To the Board of Directors
Ticonderoga Revitalization Alliance, Inc.

We have audited the financial statements of the governmental activities and the discretely presented component unit of Ticonderoga Revitalization Alliance, Inc. (the Organization), a not-for-profit organization and component unit of the Town of Ticonderoga, New York, for the year ended December 31, 2021. 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 January 5, 2022. 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 Ticonderoga Revitalization Alliance, Inc. are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Organization 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. The most sensitive estimate affecting the Organization's financial statements was:

Management's estimate of the interest receivable on the Ticonderoga Golf Corporation note, which is based on the terms of the loan agreement, and considers uncertainties surrounding the collection of payments due to the ongoing impacts of the COVID-19 pandemic. We evaluated the key factors and assumptions used to develop the interest receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of notes receivable because it represents approximately 88% of the primary government's total assets. See the "Notes Receivable" footnote disclosure for further information.

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 known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedules summarize the adjusting, reclassifying and passed journal entries. Management has corrected all material misstatements detected as a result of the audit procedures performed. Management has determined that the effects of the passed journal entries are immaterial, both individually and 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 auditor's 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 21, 2022.

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 the Organization'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 the Organization'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 inquiries 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.

Recommendations

As a result of the audit procedures performed, instances were noted where Ticonderoga Revitalization Alliance, Inc. had not recorded the necessary internal transfers among the GFNB Checking subaccounts in QuickBooks. We recommend recording the following internal transfers to more accurately reflect the subaccount balances at December 31, 2021:

- Transfer \$10,000 from the Hacker Building subaccount to the GFNB Checking Other subaccount. The unspent portion of donations restricted for this purpose is \$3,789.
- Transfer \$6,100 from the PPP Loan subaccount to the GFNB Checking Other subaccount. The funding should have been used for the purposes described in the loan application.
- Transfer \$9,742 from the Pearsall Adk Foundation subaccount to the GFNB Checking Other subaccount. Of the \$10,000 balance reported as of December 31, 2021, \$5,000 was spent during 2020 on the Trade Education Access Program, project supplies, monthly Ti-Works expenses, and intern salaries, and \$4,742 was spent during 2021 on the School Program Coordinator's salary per the terms of the grant restrictions.

- Transfer \$61 from the Scholarship Fund subaccount to the GFNB Checking Other subaccount. This amount represents additional funds transferred that were neither restricted or assigned for purposes of the Scholarship Fund.
- Transfer \$280 from the School Support subaccount to the GFNB Checking Other subaccount. The unspent port of donations restricted for this purpose is \$9,058.
- Create a new subaccount titled "Entrepreneur Fund" and transfer \$5,000 from the GFNB Checking Other subaccount to the newly created Entrepreneur Fund subaccount. As of December 31, 2021, there was \$5,000 in the GFNB Checking account restricted and/or board designated for the Entrepreneur Fund.

It was also noted during the audit that Trek Tour, LLC only made two payments in the amount of \$3,328 towards the September 1, 2017, mortgage note receivable. The first payment dated August 20, 2021, in the amount of \$1,664 was applied towards principal. The second payment dated November 12, 2021, in the amount of \$1,664 was applied as follows: \$1,420 towards principal and \$244 towards interest. We recommend creating a new amortization schedule to clarify the revised terms of the amounts due (principal and interest) from Trek Tour, LLC and provide a copy of that amortization schedule to Trek tour, LLC. Doing so will help define what Ticonderoga Revitalization Alliance, Inc. expects from Trek Tour, LLC once payments resume.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Ticonderoga Revitalization Alliance, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP

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Client: **816 - Ticonderoga Revitalization Alliance, Inc.**
 Engagement: **816 - Ticonderoga Revitalization Alliance, Inc.**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3700.01 - Adjusting Journal Entries Report (Gov-Wide FS)**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		6000.04		
To adjust net assets for Entrepreneurs Fund donations received but not paid as of 12/31/21.				
3010	Unrestricted Net Assets		15,014.00	
3015	Restricted Net Assets			15,014.00
Total			15,014.00	15,014.00
Adjusting Journal Entries JE # 2		6000.03		
To adjust net assets for Scholarship Fund donations received but not paid as of 12/31/21.				
3010	Unrestricted Net Assets		15,622.00	
3015	Restricted Net Assets			15,622.00
Total			15,622.00	15,622.00
Adjusting Journal Entries JE # 3		6000.03		
To adjust net assets for Scholarship Fund opening deposit for TFCU checking account.				
3010	Unrestricted Net Assets		10.00	
3015	Restricted Net Assets			10.00
Total			10.00	10.00
Adjusting Journal Entries JE # 4		4400.01		
To adjust investment in NLG Paddle, LLC for discrete component unit financial statement presentation.				
3010	Unrestricted Net Assets		66,695.00	
1700	Investment in NLG Paddle LLC			66,695.00
Total			66,695.00	66,695.00
Adjusting Journal Entries JE # 5		7200.04a		
To record payroll expenses at gross pay rather than net pay.				
6005	Payroll Expenses: Executive Director		21,324.00	
6006	Payroll Expenses: Interns/Other Help		7,261.00	
6007	Payroll Expenses: Taxes-Payroll			27,788.00
6130	General Operating Expenses: Insurance-General			797.00
Total			28,585.00	28,585.00
Adjusting Journal Entries JE # 6		7200.04a		
To adjust accrued payroll taxes for December 2021 paid in January 2022.				
6007	Payroll Expenses: Taxes-Payroll		532.00	
2100	Accrued Payroll Taxes			532.00
Total			532.00	532.00
Adjusting Journal Entries JE # 7		4250.03b		
To accrue interest on Ti Golf Corp note receivable per terms of loan agreement.				
1760	Interest Rec-Ti Golf Project		34,784.00	
9021	Interest from Ti - Golf			34,784.00
Total			34,784.00	34,784.00
Adjusting Journal Entries JE # 8		7100.02		
To adjust net assets for Hacker Building donations received but not spent as of 12/31/21.				
3010	Unrestricted Net Assets		647.00	
3015	Restricted Net Assets			647.00
Total			647.00	647.00

Client: **816 - Ticonderoga Revitalization Alliance, Inc.**
 Engagement: **816 - Ticonderoga Revitalization Alliance, Inc.**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3700.01 - Adjusting Journal Entries Report (Gov-Wide FS)**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 10		7100.07		
To adjust net assets for NLG Paddle LLC donations not remitted until 1/14/22.				
3010	Unrestricted Net Assets		1,200.00	
3015	Restricted Net Assets			1,200.00
Total			1,200.00	1,200.00
Adjusting Journal Entries JE # 11		7100.03		
To correct classification of school support donation.				
4010	Contributions-Other		10,000.00	
4007	Contributions-School Support			10,000.00
Total			10,000.00	10,000.00
Adjusting Journal Entries JE # 12		7100.09c		
To adjust net assets for Pearsall Adk Foundation grant funding and school support donations received but not spent as of 12/31/21.				
3010	Unrestricted Net Assets		9,316.00	
3015	Restricted Net Assets			258.00
3015	Restricted Net Assets			9,058.00
Total			9,316.00	9,316.00
Adjusting Journal Entries JE # 13		7100.03		
To adjust net assets for NYC Art Trip donations received but not spent as of 12/31/21.				
3010	Unrestricted Net Assets		700.00	
3015	Restricted Net Assets			700.00
Total			700.00	700.00
Adjusting Journal Entries JE # 14		7200.07		
To reclass Ti Works supplies to the correct expense account for financial statement presentation purposes.				
6199	Ti Works-Supplies		764.00	
6065	General Operating Expenses: Office Supplies			764.00
Total			764.00	764.00

Client: **816 - Ticonderoga Revitalization Alliance, Inc.**
 Engagement: **816 - Ticonderoga Revitalization Alliance, Inc.**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3700.02 - Reclassifying Journal Entries Report (Fund FS)**

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 101		4300.01		
To reverse opening balance of capital assets for fund financial statements.				
1520	Accumulated Depreciation		7,597.00	
1510	Equipment			7,597.00
Total			<u><u>7,597.00</u></u>	<u><u>7,597.00</u></u>
Reclassifying Journal Entries JE # 102		4250.03b		
To adjust opening interest receivable to opening net assets.				
3010	Unrestricted Net Assets		16,401.00	
1760	Interest Rec-Ti Golf Project			16,401.00
Total			<u><u>16,401.00</u></u>	<u><u>16,401.00</u></u>
Reclassifying Journal Entries JE # 103		4250.03b		
To adjust interest on Ti Golf Corp note receivable for fund financial statements.				
9021	Interest from Ti - Golf		34,784.00	
1760	Interest Rec-Ti Golf Project			34,784.00
Total			<u><u>34,784.00</u></u>	<u><u>34,784.00</u></u>
None				

Client: **816 - Ticonderoga Revitalization Alliance, Inc.**
 Engagement: **816 - Ticonderoga Revitalization Alliance, Inc.**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3700.03 - Passed Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Passed Journal Entries JE # 201		7200.05		
To show the effect of reversing 2020 passed journal entry in 2021.				
6130	General Operating Expenses: Insurance-General		1,850.00	
1200	Prepaid Expenses			1,850.00
Total			<u>1,850.00</u>	<u>1,850.00</u>
Passed Journal Entries JE # 202		7200.05		
To record prepaid insurance.				
1200	Prepaid Expenses		1,628.00	
6130	General Operating Expenses: Insurance-General			1,628.00
Total			<u>1,628.00</u>	<u>1,628.00</u>