

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

To the Board of Directors
Griffiss Local Development Corporation

We have audited the consolidated financial statements of Griffiss Local Development Corporation and subsidiaries, Cardinal Griffiss Realty, LLC, and 99 Otis Street, LLC, for the year ended December 31, 2021, and we will issue our report thereon dated March 25, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 6, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Griffiss Local Development Corporation and Subsidiaries are described in Note 1 to the consolidated 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 consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated 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 consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the consolidated financial statements is management's estimate of the depreciation and amortization lives and methods. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

The consolidated financial statements were impacted by the following significant transactions during the year ended December 31, 2021.

- Significant refinancing and issuance of debt as disclosed in Note 9 of the consolidated financial statements.

- Significant notes were executed representing various types of financing provided by GLDC to assist Orgill, Inc. with financing the construction of a building, related improvements, and the purchase of equipment as disclosed in Note 1 and Note 4.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the consolidated financial statements are the disclosures related to revenue recognition in Note 1 to the consolidated financial statements.

The consolidated 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 consolidated 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 25, 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 consolidated 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

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, 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 consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of Board of Directors and management of Griffiss Local Development Corporation and subsidiaries and is not intended to be, and should not be, used by anyone other than these specified parties.

D'Arcangelo & Co., LLP

March 25, 2022

Utica, New York

3/10/2022
2:51 PM

Client: **37270 - Griffiss Local Development Corporation**
Engagement: **2021 FS - GLDC**
Period Ending: **12/31/2021**
Trial Balance: **GLDC TB**
Workpaper: **3200.10 - GLDC Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		6000.10		
To correct net assets for 2020 invoice.				
30000	Fund Balance		10,977.00	
43000	Lease Payments			10,855.00
43050	Lease -Common Area Maintenance			122.00
Total			10,977.00	10,977.00
Adjusting Journal Entries JE # 2		4700.10		
Reclass amortization of Alion lease acquisition costs to correct account.				
70002I	Amortization-Lease Acquisition Costs		21,622.00	
70002K	Amortization- Bldg 778 Loan Closing Costs			21,622.00
Total			21,622.00	21,622.00

3/10/2022
2:52 PM

Client: 37270 - Griffiss Local Development Corporation
Engagement: 2021 FS - GLDC
Period Ending: 12/31/2021
Trial Balance: GLDC TB
Workpaper: 3200.15 - GLDC Reclassifying Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 101				
Reclass capitalized expenditures to close account for FS				
79990	Capitalized Expenditures		118,874.00	
60080	Capital Improvements			69,407.00
60202	Facility Maintenance			14,066.00
60205	Furniture/Fixture/Eqpt. -GLDC			35,401.00
Total			118,874.00	118,874.00
Reclassifying Journal Entries JE # 102				
		5100.20		
To reclassify related party expenses				
20020	Accounts Payable - GF		29,346.00	
20083	Due to GUSC			29,346.00
Total			29,346.00	29,346.00
Reclassifying Journal Entries JE # 103				
		5100.20		
To reclass January 2022 prepaid expenses				
11900	Prepaid Expenses		12,087.00	
20020	Accounts Payable - GF			12,087.00
Total			12,087.00	12,087.00
Reclassifying Journal Entries JE # 104				
		4200.30		
To reclass deferred revenue recorded in AR				
11001	Accounts Receivable - General		124,078.00	
20050	Deferred Revenue			124,078.00
Total			124,078.00	124,078.00
Reclassifying Journal Entries JE # 105				
Reclass related party receivables				
11056	Due From GUSC		20,803.00	
11060	Due from Cardinal Griffissi Realty		68,707.00	
11065	Due from 99 Otis St.		942.00	
11001	Accounts Receivable - General			90,452.00
Total			90,452.00	90,452.00

3/10/2022
2:53 PM

Client: **37270 - Griffiss Local Development Corporation**
Engagement: **2021 FS - GLDC**
Period Ending: **12/31/2021**
Trial Balance: **CGR TB**
Workpaper: **3200.05 - CGR Reclassifying Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 101		5100.21		
To reclass related party expenses				
15-20020	Accounts Payable		51,849.00	
15-20075	Due To GLDC			43,167.00
15-20076	Due to GUSC			8,682.00
Total			51,849.00	51,849.00
Reclassifying Journal Entries JE # 102		5100.21		
To reclass January 2022 prepaid expenses				
15-11900	Prepaid Expense		9,816.00	
15-20020	Accounts Payable			9,816.00
Total			9,816.00	9,816.00

Client: 37270 - Griffiss Local Development Corporation
Engagement: 2021 FS - GLDC
Period Ending: 12/31/2021
Trial Balance: 99 OTIS ST TB
Workpaper: 3200.25 - 99 Otis Reclassifying Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 101				
4200.40				
To reclass deferred revenue recorded in AR				
99-11000	Accounts Receivable		52,201.00	
99-20045	Deferred Revenue			52,201.00
Total			52,201.00	52,201.00
Reclassifying Journal Entries JE # 102				
5100.22				
To reclass related party expenses				
99-20020	Accounts Payable		8,448.00	
99-20050	Due to GLDC			622.00
99-20083	Due to GUSC			7,826.00
Total			8,448.00	8,448.00
Reclassifying Journal Entries JE # 103				
3200.30				
Client entry to correct error.				
99-60203	Facility Maintenance		250.00	
99-20020	Accounts Payable			250.00
Total			250.00	250.00
Reclassifying Journal Entries JE # 104				
6000.05				
Reclass retained earnings to capital accounts.				
99-31000	Retained Earnings		435,546.00	
99-30000	GLDC Capital			239,551.00
99-30100	NYSTEC Capital			195,995.00
Total			435,546.00	435,546.00
Total Reclassifying Journal Entries			496,445.00	496,445.00
Total All Journal Entries			496,445.00	496,445.00

Client: 37270 - Griffiss Local Development Corporation
 Engagement: 2021 FS - GLDC
 Period Ending: 12/31/2021
 Trial Balance: 99 OTIS ST TB
 Workpaper: 3200.20 - 99 Otis Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
---------	-------------	---------	-------	--------

Adjusting Journal Entries

Adjusting Journal Entries JE # 1

5300.05

To correct amortization of M&T Construction Loan#2 closing costs to 10 years rather than 15.

99-20121	M&T Construction Loan 2 Closing Costs		152.00	
99-70180	Amortization Expense- M&T Loan 2			152.00
Total			<u>152.00</u>	<u>152.00</u>
	Total Adjusting Journal Entries		<u>152.00</u>	<u>152.00</u>
	Total All Journal Entries		<u>152.00</u>	<u>152.00</u>