CITY OF KINGSTON
LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of
the City of Kingston, New York)

Financial Statements and
Independent Auditors' Report

December 31, 2025

CITY OF KINGSTON
LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the City of Kingston, New York)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
City of Kingston Local Development Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Kingston Local Development Corporation (the Corporation), a discretely presented component unit of the City of Kingston, New York, as of and for the year ended December 31, 2025, and the related notes to 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 financial position of the Corporation, as of December 31, 2025, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' 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 audit. 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.

Auditors' 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 auditors' 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

Accounting principles generally accepted in the United States of America require that 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 GAAS, 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 18, 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 18, 2026

CITY OF KINGSTON LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the City of Kingston, New York)

Management's Discussion and Analysis

December 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

As financial management of the City of Kingston Local Development Corporation (the Corporation), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the Corporation for the year ended December 31, 2025. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented herein in conjunction with the financial statements taken as a whole. The Corporation is a discretely presented component unit of the City of Kingston, New York (the City).

These financial statements are designed to provide readers with a broad overview of the Corporation. These statements have been prepared in accordance with accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The Corporation's financial statements comprise two components: the financial statements (a Statement of Net Position, a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows) and the notes to financial statements.

The Statement of Net Position presents information on all of the Corporation's assets and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The Statement of Revenue, Expenses and Changes in Net Position presents information showing how the Corporation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows is reported on the direct method. The direct method of cash flow reporting portrays net cash provided or used from operating, investing, capital and non-capital financing activities.

The Corporation reports its activity as a business-type activity using the full accrual measurement focus and basis of accounting. The Corporation is a component unit of the City, therefore, the results of the Corporation's operations, its net position and cash flows are also summarized in the City's Government-Wide financial statements.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL SUMMARY

The following is a comparative summary of the Corporation's financial statements as of and for the years ended December 31, 2025 and 2024:

Statements of Net Position

	2025	2024
Assets:		
Other assets	$ 8,387,870	8,303,837
Capital assets	2,797,522	2,825,353
Total assets	11,185,392	11,129,190
Liabilities	1,554	-
Deferred inflows of resources - lease	3,812,808	3,886,509
Net position:		
Net investment in capital assets	2,797,522	2,825,353
Unrestricted	4,573,508	4,437,328
Total net position	$ 7,371,030	7,262,681

Statements of Revenue, Expenses and Changes in Net Position

	2025	2024
Revenue:		
Lending activities	$ 6,131	9,677
Rental activities	143,983	157,699
Miscellaneous	2,500	602
Interest	74,371	81,112
Total revenue	226,985	249,090
Expenses:		
Lending activities	88,636	72,357
Non-lending	30,000	30,000
Total expenses	118,636	102,357
Change in net position	$ 108,349	146,733

DETAILED ANALYSIS

The Corporation's net position increased by $108,349 in 2025. Revenue decreased by $22,105 and expenses increased by $16,279 for the year. The decrease in revenue is attributable to rental activities and interest income. Rental activities decreased as the long-term lease was amortized and interest income decreased as bank rates are down from 2024. Expenses increased due to an additional $15,803 spent on promotional marketing efforts. The Corporation's prime objective is administration of certain loan programs, economic development, technical assistance and training, operation of the Kingston Business Park and infrastructure improvement aimed at fostering new job creation which are business-type activities.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITES

Capital Assets

	2025	2024
Land and property, net of depreciation	$ 2,797,522	2,825,353

There were no capital asset additions in 2025 or 2024. All changes are related to depreciation expense. Depreciated expense for the years ended December 31, 2025 and 2024 was $27,831.

Long-Term Financing Activities

The KLDC did not have any long-term financing activities in 2025 or 2024.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The Corporation's 2026 adopted budget includes anticipated expenses of $132,000. The expenses are to be funded through $164,000 of rental activities, $70,000 of interest income, and $8,000 of other revenue. Factors that effected the 2026 adopted budget include:

- Expenses are expected to continue to rise due to anticipated inflation.
- No anticipated changes to personal services.
- Interest revenue expected to decrease due to bank rates decreasing.
- Rental income expected to increase due to the amortization of the lease receivable.

The Corporation currently has nine loans receivable. It is anticipated that this will result in cash flows of $73,641, not including interest generated, for the year ending December 31, 2026. As of December 31, 2025, there are only two loans that are expected to extend past 2026 which are set to mature in 2028 and 2032. Currently, no new loans are expected to be given out in 2026.

CITY OF KINGSTON LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the City of Kingston, New York)
Statement of Net Position
December 31, 2025

Assets	
Current assets:	
Cash and equivalents	$ 3,952,742
Loans receivable, current position	73,641
Lease receivable, current position	27,929
Total current assets	4,054,312
Noncurrent assets:	
Loans receivable, less current installments and net of allowance for uncollectible loans of $10,000	61,006
Lease receivable, less current installments	4,272,552
Capital assets, net of accumulated depreciation of $1,581,058	2,797,522
Total noncurrent assets	7,131,080
Total assets	11,185,392
Liabilities, Deferred Inflows of Resources and Net Position	
Accounts payable	1,554
Deferred inflows of resources - lease	3,812,808
Net position:	
Net investment in capital assets	2,797,522
Unrestricted	4,573,508
Total net position	$ 7,371,030

See accompanying notes to financial statements.

CITY OF KINGSTON LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the City of Kingston, New York)
Statement of Revenue, Expenses and Changes in Net Position
Year ended December 31, 2025

Operating revenue:	
Lending activities	$ 6,131
Rental activities	143,983
Miscellaneous	2,500
Total operating revenue	152,614
Operating expenses:	
Professional fees	13,653
Depreciation	27,831
Insurance	3,162
Office expenses	8,600
Promotional/marketing	22,271
Miscellaneous	854
Personal services	30,000
Utilities	12,265
Total operating expenses	118,636
Operating income	33,978
Nonoperating revenue - interest earned on cash and equivalents	74,371
Change in net position	108,349
Net position at beginning of year	7,262,681
Net position at end of year	$ 7,371,030

See accompanying notes to financial statements.

CITY OF KINGSTON LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the City of Kingston, New York)
Statement of Cash Flows
Year ended December 31, 2025

Cash flows from operating activities:	
Cash received from lending activities	$ 61,563
Cash received from rental activities	117,664
Cash received from other sources	2,500
Cash paid for operating expenses	(88,779)
Net cash provided by operating activities	92,948
Cash flows from investing activities:	
Interest revenue on cash and equivalents	74,371
Sale of investments	1,622,764
Net cash provided by investing activities	1,697,135
Change in cash and equivalents	1,790,083
Cash and equivalents at beginning of year	2,162,659
Cash and equivalents at end of year	$ 3,952,742
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	33,978
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	27,831
Changes in:	
Loans receivable	55,432
Lease receivable	27,382
Accounts payable	1,554
Prepaid expenses	472
Deferred inflows of resources - lease	(53,701)
Net cash provided by operating activities	$ 92,948

See accompanying notes to financial statements.

CITY OF KINGSTON LOCAL DEVELOPMENT CORPORATION
(A Discretely Presented Component Unit of the City of Kingston, New York)

Notes to Financial Statements

December 31, 2025

(1) Organization

The City of Kingston Local Development Corporation (the Corporation), in the City of Kingston, New York (the City), was incorporated in 1994, under Not-For-Profit Corporation Law and is exempt from Federal income tax as an Organization described in Section 501(c)(3) of the Internal Revenue Code.

The Corporation is operated exclusively for the charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, promoting instruction or training of individuals to promote or develop their capabilities for such jobs, aiding in attracting new business and industry, or by encouraging the development or retention of, business and industry within the City.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation and Accounting

For purposes of applying accounting and financial reporting standards, the Corporation is considered a governmental entity and a discretely presented component unit of the City since all board members are appointed by the Mayor. As such, the Corporation has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments."

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial statements are prepared using the full accrual basis for all activities. Operating revenue and expenses result from providing lending services and also operation of the Kingston Business Park (the Park).

Nonoperating revenue and expense include:

1. Subsidies received and provided;
2. Contributions to permanent and term endowment;
3. Revenue and expenses related to financing;
4. Resources from the disposal of capital assets and inventory; and
5. Investment income and expenses

Revenue and expense that does not meet the definition of nonoperating, is classified as operating.

(2) Summary of Significant Accounting Policies, Continued

(b) Net Position

The Corporation's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Corporation to maintain them in perpetuity. The Corporation does not have any restricted net position at December 31, 2025.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Corporation or the passage of time. The Corporation does not have any restricted net position at December 31, 2025.

Unrestricted - All other net position, including net position designated by actions, if any, of the Corporation's Board of Directors.

(c) Estimates

The preparation of financial statements in accordance with GAAP 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 revenue and expenses during the reported period. Accordingly, actual results could differ from those estimates.

(d) Cash and Equivalents

For purposes of reporting cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) Investments

For purposes of presenting the statement of cash flows, the Corporation considers all highly liquid short-term investments with an original maturity of three months or less from date of purchase to be cash or cash equivalents.

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

(2) Summary of Significant Accounting Policies, Continued

(e) Investments, Continued

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Corporation assess the levels of the investments at each measurement date, and transfers between levels recognized on the actual date of the event or change in circumstances that caused the transfers between levels of the fair value hierarchy.

(f) Loans Receivable and Allowance for Doubtful Loans

Loans receivable are stated at their principal amount outstanding, less an allowance for doubtful loans. Interest income and commitment fees on loans are accrued as earned. The allowance for doubtful loans is established through charges against current operations and is maintained at a level which management considers adequate to provide for potential loan losses based on their evaluation of past loan experience, current economic conditions and known risks in the loan portfolio. Interest is not accrued on notes receivable when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful. In such cases, interest is recognized on a cash basis when collection occurs. The allowance for uncollectible loans amounted to $10,000 as of December 31, 2025.

(g) Capital Assets

All acquisitions of property and equipment are capitalized and recorded at cost. Capital assets as defined by the Corporation are assets with an initial unit cost of $1,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects and depreciated when placed in service. Depreciation of capital assets is recorded on the straight-line method.

(2) Summary of Significant Accounting Policies, Continued

(h) Accounting for Leases

The Corporation implemented GASB Statement No. 87 - "Leases," which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows based on payment provisions of the contract.

(i) Income Tax Status

The Corporation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar New York State laws and, as such, is not subject to Federal or State income taxes. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(a)(2) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Corporation reviews the components of revenue, gains, and other support and analyzes whether the position that the Corporation takes with regard to a particular item of income would meet the definition of an uncertain tax position under GAAP. The Corporation files Federal and New York State information tax returns. The tax years that remain subject to examination by authorities are generally the previous three years.

(j) Subsequent Events

Subsequent events were evaluated through the date of the report which is the date the financial statements were available to be issued.

(3) Cash and Equivalents

The Corporation maintains its cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 each for interest and non-interest bearing accounts. Deposits at year-end were covered by the FDIC or by collateral held by a custodial bank in the Corporation's name. The deposits consisted of the following:

	Bank Balance	Insured by FDIC	Collateralized Custodial Bank	Uncovered
Catskill Hudson Bank	$ 3,952,742	500,000	3,452,742	-

(4) Loans Receivable

Revolving Loan Funds

The Corporation issues loans to businesses through the Community Development Revolving Loan Fund (CDRLF), Kingston Revolving Loan Fund (KRLF), Section 108 Loan Guarantee Program (Section 108), Kingston Newburgh Enterprise Corp. (KNEC), EDI and the Micro Enterprise Program (Micro). These loan funds allow the Corporation to offer low interest loans to area businesses creating jobs in the City. The proceeds of these loans are used to offer new loans once the previous loans have been paid in full. The activity for the year ended December 31, 2025 is as follows:

	Balance January 1, 2025	Loans Issued	Loan Payments	Balance December 31, 2025
CDRLF	$ 87,715	-	(8,137)	79,578
KRLF	7,057	-	(1,652)	5,405
Section 108	93,005	-	(40,049)	52,956
Facade improvement	22	-	(22)	-
COVID-19 Micro	12,280	-	(5,572)	6,708
	200,079	-	(55,432)	144,647
Allowance for uncollectible loans	(10,000)			(10,000)
Net	$ 190,079			134,647
Current installments	68,321			73,641
Noncurrent, net	121,758			61,006
Net	$ 190,079			134,647

(5) Lease Receivable

The Corporation entered into an agreement with Huck International in May 1997 for the Park. The lease expired in 2016 but was extended ten years to 2026. The lessee has options to extend the lease for six additional ten year periods (60 years) and one additional nine year term for a total of 69 years. If exercised, the lease will expire in 2096.

As of December 31, 2025, the present value of the lease receivable measured using an interest rate of 2.0% was $4,300,481.

(5) Lease Receivable, Continued

The following is the amortization schedule for the lease receivable:

Year ending	Principal	Interest	Total
2026	$ 27,929	86,010	113,939
2027	28,488	85,451	113,939
2028	29,058	84,881	113,939
2029	29,639	84,300	113,939
2030	30,232	83,707	113,939
2031 - 2035	160,473	409,222	569,695
2036 - 2040	177,175	392,520	569,695
2041 - 2045	195,616	374,079	569,695
2046 - 2050	215,976	353,719	569,695
2051 - 2055	238,455	331,240	569,695
2056 - 2060	263,273	306,422	569,695
2061 - 2065	290,675	279,020	569,695
2066 - 2070	320,928	248,767	569,695
2071 - 2075	354,331	215,364	569,695
2076 - 2080	391,210	178,485	569,695
2081 - 2085	431,927	137,768	569,695
2086 - 2090	476,882	92,813	569,695
2091 - 2095	526,517	43,178	569,695
2096	111,697	2,242	113,939
	$ 4,300,481	3,789,188	8,089,669

(5) Lease Receivable, Continued

The following is the amortization schedule for the corresponding deferred inflows of resources:

Year ending	
2026	$ 53,702
2027	53,702
2028	53,702
2029	53,702
2030	53,702
2031 - 2035	268,510
2036 - 2040	268,510
2041 - 2045	268,510
2046 - 2050	268,510
2051 - 2055	268,510
2056 - 2060	268,510
2061 - 2065	268,510
2066 - 2070	268,510
2071 - 2075	268,510
2076 - 2080	268,510
2081 - 2085	268,510
2086 - 2090	268,510
2091 - 2095	268,510
2096	53,668
	$ 3,812,808

(6) Capital Assets

Capital asset of activity for the year ended December 31, 2025 was as follows:

	Balance at January 1, 2025	Additions	Deletions	Balance at December 31, 2025
Kingston Business Park				
Land	$ 2,784,953	-	-	2,784,953
Depreciable assets - improvements	1,593,627	-	-	1,593,627
Total	4,378,580			4,378,580
Less accumulated depreciation - improvements	(1,553,227)	(27,831)	-	(1,581,058)
Total	$ 2,825,353	(27,831)	-	2,797,522

(7) Related Party Transactions

The Corporation's staff members are employees of the City's Office of Community Development. Staff salary is based on estimated time spent on the Corporation's activities.

(8) Financial Instruments With Concentration of Credit Risk

(a) Cash and Equivalents

State statutes govern the Corporation's investment policies. In addition, the Corporation has its own written investment policy. The Corporation monies must be deposited in FDIC insured commercial banks or trust companies located within New York State. The Corporation is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and New York State or its localities.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations to the United States and its agencies and obligations of New York State and its municipalities and school districts.

The Corporation had no uncollateralized cash as of December 31, 2025.

(b) Notes Receivable

Notes receivable consists of numerous notes with businesses in the City. The Corporation has collateralized its interest in these notes by retaining the reversionary rights to the property or by acquiring additional liens and mortgages on the property.

(9) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

Statement No. 105 - Subsequent Events. Effective for fiscal years beginning after June 15, 2026.

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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

The Board of Directors
City of Kingston Local 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 City of Kingston Local Development Corporation (the Corporation), a discretely presented component unit of the City of Kingston, New York, as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 18, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation'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 were not identified.

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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 18, 2026

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INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE INVESTMENT GUIDELINES

The Board of Directors
City of Kingston Local Development Corporation:

Report on Investment Compliance

Opinion on Investment Compliance

We have audited the City of Kingston Local Development Corporation's (the Corporation), a discretely presented component unit of the City of Kingston, New York, compliance with the types of compliance requirements identified as subject to audit in Section 2925(3)(f) of the New York State Public Authorities Law (the investment guidelines) that could have a direct and material effect on its investments for the year ended December 31, 2025.

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investments for the year ended December 31, 2025.

Basis for Opinion on Investment Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the audit requirements of the investment guidelines. Our responsibilities under those standards and the investment guidelines are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the investment guidelines. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Corporation's investments.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. 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, Government Auditing Standards and the investment guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of the investment guidelines as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards and the investment guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the investment guidelines, but not for the purpose of expressing an opinion on the effectiveness of Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the investment guidelines on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of investment guidelines will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the investment guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the investment guidelines. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 18, 2026