

**Troy Capital Resource Corporation**

Financial Statements

December 31, 2015 and 2014

# Troy Capital Resource Corporation

## Financial Statements

December 31, 2015 and 2014

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## Independent Auditor's Report

Board of Directors  
Troy Capital Resource Corporation  
Troy, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the Troy Capital Resource Corporation (Corporation), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Troy Capital Resource Corporation as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the Corporation's basic financial statements. The statement of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statement of indebtedness is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of indebtedness is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2016, 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 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 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.

SaxBST LLP

Albany, New York  
April 22, 2016



# Troy Capital Resource Corporation

## Statements of Net Position

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	<u>\$ 524,165</u>	<u>\$ 81,287</u>
<b>NET POSITION</b>		
<b>NET POSITION</b>		
Unrestricted	<u>\$ 524,165</u>	<u>\$ 81,287</u>

See accompanying Notes to Financial Statements.

# Troy Capital Resource Corporation

## Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,	
	2015	2014
<b>OPERATING REVENUE</b>	<b>\$ 446,770</b>	<b>\$ -</b>
<b>OPERATING EXPENSES</b>		
Economic development	-	100,000
Professional fees	3,932	4,085
	<u>3,932</u>	<u>104,085</u>
<b>Operating income (loss)</b>	<b>442,838</b>	<b>(104,085)</b>
<b>OTHER REVENUES</b>		
Interest income	40	90
	<u>40</u>	<u>90</u>
<b>CHANGE IN NET POSITION</b>	<b>442,878</b>	<b>(103,995)</b>
<b>NET POSITION, <i>beginning of year</i></b>	<b>81,287</b>	<b>185,282</b>
	<u>81,287</u>	<u>185,282</u>
<b>NET POSITION, <i>end of year</i></b>	<b>\$ 524,165</b>	<b>\$ 81,287</b>
	<u>\$ 524,165</u>	<u>\$ 81,287</u>

See accompanying Notes to Financial Statements.

# Troy Capital Resource Corporation

## Statements of Cash Flows

	<b>Years Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Payments received from customers	\$ 446,770	\$ -
Payments to vendors	(3,932)	(104,085)
	<u>442,838</u>	<u>(104,085)</u>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Interest income	40	90
	<u>40</u>	<u>90</u>
<b>Net increase (decrease) in cash</b>	<b>442,878</b>	<b>(103,995)</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<u>81,287</u>	<u>185,282</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<u><b>\$ 524,165</b></u>	<u><b>\$ 81,287</b></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	<u><b>\$ 442,838</b></u>	<u><b>\$ 104,085</b></u>

See accompanying Notes to Financial Statements.

# Troy Capital Resource Corporation

Notes to Financial Statements  
December 31, 2015 and 2014

## Note 1 - Organization and Summary of Significant Accounting Policies

### a. *Organization and Purpose*

The Troy Capital Resource Corporation (Corporation) was created during 2009 under Section 1411 of the New York State Not-For-Profit Corporation Law. The Corporation, although established by the City Council of the City of Troy, New York (City), is a separate public benefit corporation and operates independently of the City.

The Corporation was established to promote community and economic development for the citizens of the City by developing and providing programs to access low interest tax-exempt and non-tax exempt financing for eligible projects and undertaking projects and activities within the City for the purpose of relieving and reducing unemployment, improving job opportunities, attracting new industry, or encouraging the development of, or retention of, industry in the City. In return for its efforts, the Corporation receives application and closing fees related to this financing.

### b. *Basis of Accounting and Financial Statement Presentation*

The Corporation's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Corporation is determined by its measurement focus. The transactions of the Corporation are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statements of net position. Net position is segregated into restricted and unrestricted components, as follows:

- *Restricted net position* consists of assets that are restricted by the Board for specific purposes, and
- *Unrestricted net position* consists of assets and liabilities that do not meet the definition of restricted net position.

### c. *Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 those estimates.

### d. *Tax Status*

The Corporation is exempt from federal, state, and local income taxes.

### e. *Revenue Bonds*

Revenue bonds issued by the Corporation are secured by property which is leased to companies and is retired by these payments. The bonds are not obligations of the Corporation or New York State. The Corporation does not record the assets or liabilities resulting from completed bonds issued in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond holders, and funds arising there from are controlled by trustees or banks as fiscal agents. For providing this service, the Corporation receives bond administration fees from the borrowing companies. Such administration fees are recognized upon issuance of the bonds.

# Troy Capital Resource Corporation

Notes to Financial Statements  
December 31, 2015 and 2014

## Note 1 - Organization and Summary of Significant Accounting Policies - Continued

### *e. Revenue Bonds - Continued*

At December 31, 2015 and 2014, the outstanding balance of bonds issued aggregated \$425,185,000 and \$353,510,000, respectively.

### *f. Subsequent Events*

The Corporation has evaluated subsequent events for potential recognition or disclosure through April 22, 2016, the date the financial statements were available to be issued.

## Note 2 - Cash, Cash Equivalents, and Investments

The Corporation's investment policies are governed by New York State statutes. In addition, the Corporation has its own written investment policy. Corporation monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Corporation is authorized to use demand accounts, money market accounts, and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and those of New York State and its municipalities and school districts.

Collateral is required for demand deposits and certificates of deposit. Certificates of deposit purchased with an original maturity of three months or less are considered cash equivalents. Obligations that may be pledged as collateral are obligations of the United States and its agencies or the State and its municipalities and school districts.

Cash equivalents at December 31, 2015 and 2014 consisted of municipal money market accounts which were fully collateralized.

## Note 3 - Related Party Transactions

### *City of Troy*

The City provides staff support and office space to the Corporation without compensation.

During 2013, the Corporation entered into a community and economic development agreement with the City. Pursuant to the agreement, the Corporation provided \$50,000 in the year ended December 31, 2014, to assist the City with a public safety project. No amounts were provided in 2015.

### *City of Troy Industrial Development Agency*

The Corporation's current Board of Directors is the same as that of the Troy Industrial Development Authority (Authority). There were no transactions during 2015 or 2014 between the Corporation and the Authority.

# Troy Capital Resource Corporation

Notes to Financial Statements  
December 31, 2015 and 2014

## **Note 3 - Related Party Transactions - Continued**

### *City of Troy Community Land Bank Corporation*

During 2014, the Corporation entered into a community and economic development agreement with the Troy Community Land Bank Corporation (Land Bank). Pursuant to the agreement, the Corporation provided \$50,000 in the year ended December 31, 2014, to assist the Land Bank with administration costs for its operation. No amounts were provided in 2015.

# Troy Capital Resource Corporation

## Supplementary Information - Statement of Indebtedness

<u>Project Description</u>	Year Ended December 31, 2015							
	<u>Original Issue Date</u>	<u>Original Bond Issued</u>	<u>Current Interest Rate</u>	<u>Outstanding January 1, 2015</u>	<u>Issued During 2015</u>	<u>Principal Payments 2015</u>	<u>Outstanding December 31, 2015</u>	<u>Final Maturity Date</u>
Rensselaer Polytechnic Institute	04/10	\$ 311,630,000	Varies	\$ 311,630,000	\$ -	\$ -	\$ 311,630,000	09/40
Rensselaer Polytechnic Institute	06/10	47,180,000	3.00%	41,880,000	-	2,370,000	39,510,000	09/21
Rensselaer Polytechnic Institute	11/15	74,045,000	Varies	-	74,045,000	-	74,045,000	08/35
		<b><u>\$ 432,855,000</u></b>		<b><u>\$ 353,510,000</u></b>	<b><u>\$ 74,045,000</u></b>	<b><u>\$ 2,370,000</u></b>	<b><u>\$ 425,185,000</u></b>	

See Independent Auditor's Report.

**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**

Board of Directors  
Troy Capital Resource Corporation  
Troy, New York

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 statements of net position of the Troy Capital Resource Corporation (Corporation) as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2016.

**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) to determine the 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 may exist that have not been identified.

### **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 determination of financial statement amounts. 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 that are required to be reported under *Government Audit 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.

SaxBST LLP

Albany, New York  
April 22, 2016