

**TROY LOCAL DEVELOPMENT
CORPORATION**

Financial Statements

December 31, 2020 and 2019

TROY LOCAL DEVELOPMENT CORPORATION

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Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Troy Local Development Corporation
Troy, New York

We have audited the accompanying financial statements of Troy Local Development Corporation (the "Corporation") as of December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 opinions 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 opinions.

Opinion

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, 2020 and 2019, 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 Management's Discussion and Analysis for the year ended December 31, 2020, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, 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 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.

Wojeski & Company, CPAs, P.C.

Albany, New York
March 26, 2021

TROY LOCAL DEVELOPMENT CORPORATION

Statements of Net Position

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 304,221	\$ 466,861
Restricted cash	50,000	-
Accounts receivable	-	5,150
Grants receivable	89,722	191,327
Loans receivable - current portion, net	42,356	53,476
Prepaid expenses	<u>13,329</u>	<u>15,253</u>
	TOTAL CURRENT ASSETS	499,628
	732,067	
NONCURRENT ASSETS		
Capital assets, net	532,458	537,287
Property held for development and resale	2,108,728	2,036,228
Loan receivable, net	18,268	19,634
Security deposits	<u>614</u>	<u>614</u>
	TOTAL ASSETS	3,159,696
	3,325,830	
LIABILITIES		
CURRENT LIABILITIES		
Loan payable, current portion	167,000	167,000
Accounts payable and accrued expenses	37,302	2,525
Grants payable	20,000	75,000
Accrued interest	<u>21,618</u>	<u>25,070</u>
	TOTAL CURRENT LIABILITIES	245,920
	269,595	
LONG-TERM LIABILITIES		
Loan payable, long-term	<u>829,000</u>	<u>996,000</u>
	TOTAL LIABILITIES	1,074,920
	1,265,595	
NET POSITION		
Net investment in capital assets	532,458	537,287
Unrestricted	1,502,318	1,522,948
Restricted	<u>50,000</u>	<u>-</u>
	TOTAL NET POSITION	\$ 2,084,776
	\$ 2,060,235	

See accompanying notes to financial statements.

TROY LOCAL DEVELOPMENT CORPORATION

Statements of Revenues, Expenses and Change in Net Position

	For the Year Ended December 31,	
	2020	2019
OPERATING REVENUES		
Grant income	\$ 305,472	\$ 521,327
Rental income	77,848	66,672
Contributed property	72,500	-
Interest income	4,725	13,095
Administrative fees	-	70,059
Other income	279	7,908
TOTAL OPERATING REVENUES	460,824	679,061
OPERATING EXPENSES		
Economic development grants	236,531	-
Professional fees	96,912	90,642
Insurance	17,841	17,174
Repairs and maintenance	11,090	364
Property taxes	9,337	8,801
Depreciation	4,829	4,829
Utilities	2,723	2,660
Other expenses	304	1,377
TOTAL OPERATING EXPENSES	379,567	125,847
OPERATING INCOME	81,257	553,214
NON-OPERATING INCOME (EXPENSE)		
Interest expense	(56,716)	(70,603)
Gain on satisfaction of environmental remediation obligation	-	479,012
Pass-through grant income	-	75,000
Pass-through grant expense	-	(75,000)
TOTAL NON-OPERATING INCOME (EXPENSES)	(56,716)	408,409
CHANGE IN NET POSITION	24,541	961,623
NET POSITION, beginning of year	2,060,235	1,098,612
NET POSITION, end of year	\$ 2,084,776	\$ 2,060,235

See accompanying notes to financial statements.

TROY LOCAL DEVELOPMENT CORPORATION

Statements of Cash Flows

	For the Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from grants	\$ 352,077	\$ 405,000
Receipts from customers	88,002	152,584
Proceeds from loan repayments	12,486	80,862
Payments to vendors	(338,037)	(132,967)
Payments for loan advances	-	(10,000)
Payments for environmental remediation obligation	-	(485,988)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 114,528	 9,491
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds on loan payable	-	221,667
Proceeds from interest prepaid on loan payable	-	48,030
Payment on loan payable	(167,000)	(167,000)
Interest paid	(60,168)	(64,505)
 NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	 (227,168)	 38,192
 NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	 (112,640)	 47,683
 Cash, cash equivalents and restricted cash at beginning of year	 466,861	 419,178
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	 \$ 354,221	 \$ 466,861
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 81,257	\$ 553,214
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,829	4,829
Contributed land	(72,500)	-
Changes in operating assets and liabilities:		
Accounts receivable	5,150	(5,150)
Grants receivable	46,605	(116,327)
Loans receivable	12,486	70,862
Prepaid expenses	1,924	(9,287)
Accounts payable and accrued expenses	34,777	(2,662)
Environmental remediation obligation	-	(485,988)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 114,528	 \$ 9,491

See accompanying notes to financial statements.

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2020 and 2019

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Troy Local Development Corporation (the "Corporation") is a not-for-profit corporation that was established in 1987 for the purposes of constructing, acquiring, rehabilitating, and improving buildings or sites in the City of Troy, New York ("City"), or to assist financially in the construction, acquisition, rehabilitation, and improvement of buildings or sites within the City, and to foster employment opportunities for City residents, including business retention and attraction, and job creation and retention.

The Corporation is a public instrumentality of and supporting organization for, but is separate and apart from, the City.

Basis of 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 (U.S. GAAP). 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 statement of net position. Net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows, if applicable:

Net investment in capital assets: consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any related debt obligations and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in restricted net position.

Restricted net position: This component of net position represents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Corporation received \$50,000 with restrictions for it to be used on the Monument Square project.

Unrestricted net position: This component represents net position that does not meet the definition of "restricted".

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as needed.

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Corporation considers as cash all demand deposits and all highly liquid investments which are readily convertible to cash.

Loans Receivable

Loans receivable are carried at their estimated collectible amounts. The Corporation determines its allowance for doubtful accounts by regularly evaluating individual receivables and considering collateral value, financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Capital Assets

Acquisition of property and equipment are recorded at cost. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas remediation, maintenance, and repair costs are expensed as incurred. When property and equipment is sold or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net position. Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives on a straight-line basis using an estimated life of 40 years.

Property Held for Development and Resale

Property held for development and resale is recorded at cost and is carried at the lower of cost or fair value. Major additions, renewals, and betterments are capitalized, whereas remediation, maintenance, and repair costs are expensed as incurred. When property held for development or resale is sold or otherwise disposed of, the appropriate accounts are relieved of costs and any resultant gain or loss is credited or charged to the change in net position.

Recognition of impairment of property held for development and resale is required when events and circumstances indicate that an entity will not be able to recover the carrying amount of these assets. The Corporation recognizes an impairment loss, equal to the amount by which the carrying amount of an asset exceeds its fair value, if the carrying amount of the asset is not recoverable. During the years ended December 31, 2020 and 2019, no impairment loss has been recognized.

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Revenue and Expense Recognition

Rental income is recognized on the straight-line basis over the lease term. Grant income is recognized as costs are incurred. Expenses are recognized when incurred. The Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues are determined based on the services provided by the Corporation. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income Taxes

The Corporation is exempt from income taxes as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and comparable New York State law. Accordingly, no provisions have been made for income taxes in these financial statements.

Subsequent Events

The Corporation evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on March 26, 2021.

The COVID-19 outbreak in the United States has caused operational disruption through mandated and voluntary closings of businesses and affecting business operations across a wide range of industries and organizations. The extent of the impact on COVID-19 to the Corporation's operational and financial performance will depend on certain elements, including the duration of the spread of the outbreak, impact on granting agencies, contributors, customers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Corporation's financial condition or results of operations is uncertain.

NOTE B--CASH AND CASH EQUIVALENTS

The Corporation's investment policies are governed by New York State statutes and the Corporation's own written investment policy. The Corporation is authorized to use demand deposit 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.

All cash of the Corporation is maintained in accounts covered by the Federal Deposit Insurance Corporation (FDIC). In accordance with state law, collateral is required for demand deposits and certificates of deposit not covered by FDIC insurance. The Corporation's uninsured deposits are collateralized by accounts held by the pledging financial institution agent in the Corporation's name. The total amount of collateralized uninsured deposits was approximately \$86,000 for the year ended December 31, 2020.

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE C--LOANS RECEIVABLE

The Corporation administers an economic development loan program with the primary objective of stimulating the City's economic base in order to create new job opportunities. Loans are made to eligible borrowers meeting targeted economic criteria at market interest rates, ranging from 4.25% to 5.75%.

Loans made under the program are generally collateralized by machinery, equipment, or real property of the borrower. Certain loans require fixed monthly payments while others are due in one lump sum payment. A summary of loans receivable is as follows:

	2020	2019
Loans receivable	\$ 91,466	\$ 103,952
Allowance for doubtful accounts	(30,842)	(30,842)
	<u>\$ 60,624</u>	<u>\$ 73,110</u>
Loans receivable, beginning of year	\$ 103,952	\$ 174,814
Advances	-	10,000
Repayments	(12,486)	(80,862)
	<u>\$ 91,466</u>	<u>\$ 103,952</u>

NOTE D--CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 is as follows:

	Beginning Balance	Additions	Subtractions	Ending Balance
Land	\$ 397,501	\$ -	\$ -	\$ 397,501
Buildings and improvements	<u>191,051</u>	<u>-</u>	<u>-</u>	<u>191,051</u>
	<u>588,552</u>	<u>-</u>	<u>-</u>	<u>588,552</u>
Accumulated depreciation	(51,265)	(4,829)	-	(56,094)
Total, net	\$ 537,287	\$ (4,829)	\$ -	\$ 532,458

TROY LOCAL DEVELOPMENT CORPORATION**Notes to Financial Statements--Continued****NOTE D--CAPITAL ASSETS--Continued**

Capital assets activity for the year ended December 31, 2019 is as follows:

	Beginning Balance	Additions	Subtractions	Ending Balance
Land	\$ 397,501	\$ -	\$ -	\$ 397,501
Buildings and improvements	191,051	-	-	191,051
	<u>588,552</u>	<u>-</u>	<u>-</u>	<u>588,552</u>
Accumulated depreciation	(46,436)	(4,829)	-	(51,265)
Total, net	<u>\$ 542,116</u>	<u>\$ (4,829)</u>	<u>\$ -</u>	<u>\$ 537,287</u>

NOTE E--PROPERTY HELD FOR DEVELOPMENT OR RESALE

Property held for development of resale consisted of the following as of December 31:

	2020	2019
King Fuels Sites	\$1,921,228	\$1,921,228
Main Street - Alamo	115,000	115,000
Federal Street	59,000	-
16 Northern Drive	13,500	-
	<u>\$2,108,728</u>	<u>\$2,036,228</u>

NOTE F--LOAN PAYABLE

During 2006, the Corporation entered into a loan agreement with the City for \$3,000,000 to be used for property acquisition and economic development. The agreement requires semi-annual interest payments at 5% and annual principal payments to the City as billed by the United States Department of Housing and Urban Development (HUD) Section 108 loan authorization pursuant to the Brownfields Economic Development Initiative ("BEDI"). The loan matures in August 2026 and is collateralized by a mortgage on real property. The loan contains a provision that in an event of default, outstanding principal amounts together with accrued and unpaid interest will become immediately due.

Activity in loans payable for the year ended December 31, 2020, was as follows:

	Principal Outstanding at 12/31/2019	Additions	Redemptions	Principal Outstanding at 12/31/2020
Loan payable	\$ 1,163,000	\$ -	\$ (167,000)	\$ 996,000
Less current portion				167,000
				<u>\$ 829,000</u>

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE F--LOAN PAYABLE--Continued

A summary of future principal payments and estimated interest payments is as follows:

<u>Year Ending December 31,</u>	<u>Bond Principal</u>	<u>Bond Interest</u>	<u>Total Debt Service Requirements</u>
2021	\$ 167,000	\$ 51,884	\$ 218,884
2022	167,000	43,450	210,450
2023	167,000	34,883	201,883
2024	167,000	26,216	193,216
2025	167,000	17,448	184,448
Thereafter	161,000	8,597	169,597
	<u>\$ 996,000</u>	<u>\$ 182,478</u>	<u>\$ 1,178,478</u>

NOTE G--RENTAL INCOME

The Corporation has an active lease agreement arising from the leasing of property owned by the Corporation. The lease agreement requires monthly lease payments of approximately \$5,700 and expires in December 2023. The updated lease agreement requires a \$10,000 annual road remediation fee. The lease includes renewal options.

A summary of future minimum rental payments due to the Corporation under operating lease agreements is as follows:

For the year ending December 31,
2021 \$ 78,798
2022 78,798
2023 78,798
<u>\$ 236,394</u>

NOTE H--COMMITMENTS AND CONTINGENCIES

Environmental Risks

The Corporation is developing and implementing a plan for environmental remediation and site development on the King Fuel properties with assistance from the New York State Department of Environmental Conservation and National Grid. Preliminary testing and clean-up efforts began in late 2007 and are expected to continue for several years. The Corporation funding assistance has been provided through the BEDI grant and loan funds.

In addition, the Corporation was responsible for the remediation of surface level asbestos containing material on the King Fuels properties. In 2019, the Corporation completed the cleanup of the surface level asbestos containing material incurring expenditures of \$485,988. Total estimated future outlays for these sites total \$0 for each of the years ended December 31, 2020 and 2019.

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE H--COMMITMENTS AND CONTINGENCIES--Continued

Program Grant and Loan Commitments

The Corporation has approved various applications for funding under its loan and grant programs. Funding of the approved amounts is dependent upon the applicant meeting various documentation requirements.

NOTE I--RELATED PARTY TRANSACTIONS

City of Troy

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

Troy Industrial Development Authority

During the year ended December 31, 2017, the Corporation and the Troy Industrial Development Authority (IDA) entered into a fee sharing agreement. Under the agreement, the IDA will provide the Corporation a portion of the administration fee for board approved projects that include the Corporation involvement. During the years ended December 31, 2020 and 2019, the Corporation received administration fees totaling \$0 and \$70,059, respectively, from the IDA pursuant to this agreement.

Troy Capital Resource Corporation

The Troy Capital Resource Corporation, a related party through common management, provided to the Corporation assistance the totaled \$160,000 and \$100,000 for the years ended December 31, 2020 and 2019, respectfully.

COMPLIANCE REPORT



**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**

To the Board of Directors
Troy Local Development Corporation
Troy, New York

We have audited, in accordance with the 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 Troy Local Development Corporation ("Corporation"), which comprise the statement of net position as of December 31, 2020, and the related statements of revenues, expenses and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon March 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 of 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 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.

Wojeski & Company, CPAs, P.C.

Albany, New York
March 26, 2021