

**TROY LOCAL DEVELOPMENT
CORPORATION**

Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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, 2019, 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 May 1, 2002, 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
May 1, 2020

TROY LOCAL DEVELOPMENT CORPORATION

Statement of Net Position

	December 31,	
	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 466,861	\$ 419,178
Accounts receivable	5,150	-
Grants receivable	191,327	-
Loans receivable - current portion, net	53,476	71,642
Prepaid expenses	<u>15,253</u>	<u>16,897</u>
TOTAL CURRENT ASSETS	<u>732,067</u>	<u>507,717</u>
NONCURRENT ASSETS		
Capital assets, net	537,287	542,116
Property held for development and resale	2,036,228	2,036,228
Loan receivable, net	19,634	72,330
Prepaid interest	-	37,099
Security deposits	<u>614</u>	<u>614</u>
TOTAL ASSETS	<u>3,325,830</u>	<u>3,196,104</u>
LIABILITIES		
CURRENT LIABILITIES		
Loan payable, current portion	167,000	139,167
Accounts payable and accrued expenses	2,525	5,187
Grants payable	75,000	-
Accrued interest	<u>25,070</u>	<u>18,972</u>
TOTAL CURRENT LIABILITIES	<u>269,595</u>	<u>163,326</u>
LONG-TERM LIABILITIES		
Loan payable, long-term	996,000	969,166
Environmental remediation obligation	<u>-</u>	<u>965,000</u>
	<u>996,000</u>	<u>1,934,166</u>
TOTAL LIABILITIES	1,265,595	2,097,492
NET POSITION		
Net investment in capital assets	537,287	542,116
Unrestricted	<u>1,522,948</u>	<u>556,496</u>
TOTAL NET POSITION	<u>\$ 2,060,235</u>	<u>\$ 1,098,612</u>

See accompanying notes to financial statements.

TROY LOCAL DEVELOPMENT CORPORATION

Statement of Revenues, Expenses and Change in Net Position

	For the Year Ended December 31,	
	2019	2018
OPERATING REVENUES		
Grant income	\$ 521,327	\$ -
Administrative fees	70,059	-
Rental income	66,672	81,672
Interest income	13,095	14,911
Other income	7,908	9,873
TOTAL OPERATING REVENUES	<u>679,061</u>	<u>106,456</u>
OPERATING EXPENSES		
Professional fees	90,642	94,652
Insurance	17,174	16,914
Property taxes	8,801	1,370
Depreciation	4,829	8,586
Utilities	2,660	3,024
Repairs and maintenance	364	1,739
Economic development grants	-	2,500
Recovery of bad debts	-	(5,000)
Other expenses	1,377	483
TOTAL OPERATING EXPENSES	<u>125,847</u>	<u>124,268</u>
OPERATING INCOME (LOSS)	<u>553,214</u>	<u>(17,812)</u>
NON-OPERATING INCOME (EXPENSE)		
Gain on satisfaction of environmental remediation obligation	479,012	-
Pass-through grant income	75,000	-
Pass-through grant expense	(75,000)	-
Interest expense	(70,603)	(73,444)
Loss on disposal of assets	-	(27,184)
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>408,409</u>	<u>(100,628)</u>
CHANGE IN NET POSITION	961,623	(118,440)
NET POSITION, beginning of year	<u>1,098,612</u>	<u>1,217,052</u>
NET POSITION, end of year	<u>\$ 2,060,235</u>	<u>\$ 1,098,612</u>

See accompanying notes to financial statements.

TROY LOCAL DEVELOPMENT CORPORATION

Statement of Cash Flows

	For the Year Ended December 31,	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from grants	\$ 405,000	\$ -
Receipts from customers	152,584	121,456
Payments to vendors	(132,967)	(139,571)
Payments for loan advances	(10,000)	(10,000)
Proceeds from loan repayments	80,862	146,711
Payments for environmental remediation obligation	<u>(485,988)</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>9,491</u>	<u>118,596</u>
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)	(139,167)
Interest paid	(64,505)	(63,347)
Proceeds from the sale of capital assets	<u>-</u>	<u>100</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>38,192</u>	<u>(202,414)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,683	(83,818)
Cash and cash equivalents at beginning of year	<u>419,178</u>	<u>502,996</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 466,861</u>	<u>\$ 419,178</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 553,214	(17,812)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	4,829	8,586
Recovery of bad debts	-	(5,000)
Changes in operating assets and liabilities:		
Accounts receivable	(5,150)	15,000
Grants receivable	(116,327)	-
Loans receivable	70,862	136,711
Prepaid expenses	(9,287)	(114)
Accounts payable and accrued expenses	(2,662)	(3,775)
Environmental remediation obligation	(485,988)	-
Grants payable	<u>-</u>	<u>(15,000)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 9,491</u>	<u>\$ 118,596</u>

See accompanying notes to financial statements.

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2019 and 2018

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.

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, 2019 and 2018, 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.

Accounting Pronouncement Adopted

In 2019, the Corporation adopted Government Accounting Standards Board Statement No. 88 (GASB 88), *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of GASB 88 is to improve the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. GASB 88 also clarifies which liabilities should be included when disclosing information related to debt. The Corporation adopted GASB 88 on a retrospective basis. The adoption of GASB 88 did not have a material impact on the financial statements and required no reclassifications or restatements to net position or changes in net position.

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 May 1, 2020.

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 \$198,000 for the year ended December 31, 2019.

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 6.75%.

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:

	<u>2019</u>	<u>2018</u>
Loans receivable	\$ 103,952	\$ 174,814
Allowance for doubtful accounts	(30,842)	(30,842)
	<u>\$ 73,110</u>	<u>\$ 143,972</u>
Loans receivable, beginning of year	\$ 174,814	\$ 361,219
Advances	10,000	10,000
Repayments	(80,862)	(146,711)
Loans written off	-	(49,694)
	<u>\$ 103,952</u>	<u>\$ 174,814</u>

NOTE D--CAPITAL ASSETS

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

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

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE D--CAPITAL ASSETS--Continued

Capital assets activity for the year ended December 31, 2018 is as follows:

	Beginning Balance	Additions	Subtractions	Ending Balance
Land	\$ 397,501	\$ -	\$ -	\$ 397,501
Buildings and improvements	191,051	-	-	191,051
Equipment	20,495	-	(20,495)	-
	<u>609,047</u>	<u>-</u>	<u>(20,495)</u>	<u>588,552</u>
Accumulated depreciation	<u>(53,561)</u>	<u>(8,586)</u>	<u>15,711</u>	<u>(46,436)</u>
Total, net	<u>\$ 555,486</u>	<u>\$ (8,586)</u>	<u>\$ (4,784)</u>	<u>\$ 542,116</u>

NOTE E--PROPERTY HELD FOR DEVELOPMENT OR RESALE

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

	2019	2018
King Fuels Sites	\$1,921,228	\$1,921,228
Main Street - Alamo	115,000	115,000
	<u>\$2,036,228</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"). In 2015, the Corporation made a \$400,354 payment to the City. \$305,167 was applied to loan principle and \$95,187 was prepaid interest. The City held the funds and made the scheduled annual principle and semi-annual interest payments from those funds. However, in 2019, the City returned the unspent prepaid principle and interest, in the amount of \$221,667 and \$47,703, respectively. 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.

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE F--LOAN PAYABLE--Continued

Activity in loans payable for the year ended December 31, 2019, was as follows:

	Principal Outstanding at 12/31/2018	Additions	Redemptions	Principal Outstanding at 12/31/2019
Loan payable	<u>\$ 1,108,333</u>	<u>\$ 221,667</u>	<u>\$ (167,000)</u>	\$ 1,163,000
Less current portion				<u>167,000</u>
				<u>\$ 996,000</u>

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

Year Ending December 31,	Bond Principal	Bond Interest	Total Debt Service Requirements
2020	\$ 167,000	\$ 60,167	\$ 227,167
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
Thereafter	<u>328,000</u>	<u>26,045</u>	<u>354,045</u>
	<u>\$ 1,163,000</u>	<u>\$ 242,645</u>	<u>\$ 1,405,645</u>

Interest expense was \$70,603 and \$73,444 for the years ended December 31, 2019 and 2018, respectively.

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 \$5,500 and expires in December 2023. 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,	
2020	\$ 66,672
2021	66,672
2022	66,672
2023	<u>66,672</u>
	<u>\$ 266,688</u>

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

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. The Corporation has been evaluating its pollution remediation obligations by updating its estimate of future cash outlays as well as recoveries on at least an annual basis. In 2019, the Corporation completed the cleanup of the surface level asbestos containing material incurring expenditures of \$485,988. Accordingly, the Corporation charged these expenditures against the environmental remediation obligation. The Corporation has been advised by counsel that that they have been discharged from any further environmental remediation efforts and accordingly the Corporation has recorded a gain on the satisfaction of the environmental remediation obligation in the amount of \$479,012. Total estimated future outlays for these sites as of December 31, 2019 and 2018, totaled \$0 and \$965,000, respectively.

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, 2019 and 2018, the Corporation received administration fees totaling \$70,059 and \$0, respectively, from the IDA pursuant to this agreement.

During the year ended December 31, 2019, the IDA provided a \$300,000 grant to the Corporation to help the Corporation cover the costs of an environmental remediation project on its King Fuels properties.

TROY LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements--Continued

NOTE I--RELATED PARTY TRANSACTIONS--Continued

Troy Capital Resource Corporation

During the year ended December 31, 2019, Troy Capital Resource Corporation provided a \$100,000 grant to the Corporation to help the Corporation cover the costs of an environmental remediation project on its King Fuels properties.

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, 2019, 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 May 1, 2020.

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
May 1, 2020