

***CITY OF ALBANY
CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE
CITY OF ALBANY***

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017



Teal, Becker & Chiaramonte™
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The Chairman and Board of Directors
City of Albany Capital Resource Corporation,
a Component Unit of the City of Albany
21 Lodge Street
Albany, New York 12207

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany (a not-for-profit organization), (the "Corporation"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the Corporation'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 Corporation'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 City of Albany Capital Resource Corporation, a Component Unit of the City of Albany as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019 on our consideration of the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany'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 City of Albany Capital Resource Corporation, a Component Unit of the City of Albany's internal control over financial reporting and compliance.

Leah Becker & Charamonte CPAs PC

Albany, New York
March 22, 2019

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statements Of Financial Position

December 31

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 350,185	\$ 502,509
Accounts receivable	<u>21,500</u>	<u>-</u>
Total Assets	<u>\$ 371,685</u>	<u>\$ 502,509</u>
<u>Liabilities And Net Assets</u>		
Current liabilities:		
Accounts payable (Note 4)	<u>\$ 6,333</u>	<u>\$ 50,778</u>
Total Liabilities	<u>6,333</u>	<u>50,778</u>
Net assets without donor restrictions	<u>365,352</u>	<u>451,731</u>
Total Liabilities And Net Assets	<u>\$ 371,685</u>	<u>\$ 502,509</u>

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statements Of Activities

For The Years Ended December 31

	<u>2018</u>	<u>2017</u>
Unrestricted support and revenues:		
Fees	\$ 23,500	\$ 221,500
Interest income	<u>2,337</u>	<u>1,792</u>
Total unrestricted support and revenues	<u>25,837</u>	<u>223,292</u>
Functional expenses:		
Program services	100,000	305,000
Supporting services	<u>12,216</u>	<u>56,615</u>
Total functional expenses	<u>112,216</u>	<u>361,615</u>
Decrease in net assets without donor restrictions	(86,379)	(138,323)
Net assets without donor restrictions - beginning	<u>451,731</u>	<u>590,054</u>
Net Assets Without Donor Restrictions - Ending	<u>\$ 365,352</u>	<u>\$ 451,731</u>

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statements Of Functional Expenses

For The Years Ended December 31

2018

	<u>Amplify Albany Program</u>	<u>Façade Grant Program</u>	<u>Supporting Services</u>	<u>Total</u>
Functional expenses:				
Economic development support	\$ 50,000	\$ 50,000	\$ -	\$ 100,000
Administrative services	-	-	6,333	6,333
Accounting	-	-	4,500	4,500
Insurance	-	-	1,383	1,383
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 12,216</u>	<u>\$ 112,216</u>

2017

	<u>Community Loan Fund</u>	<u>CDTA Universal Access</u>	<u>Supporting Services</u>	<u>Total</u>
Functional expenses:				
Economic development support	\$ 250,000	\$ 55,000	\$ -	\$ 305,000
Administrative services	-	-	50,778	50,778
Accounting	-	-	4,500	4,500
Insurance	-	-	1,337	1,337
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	<u>\$ 250,000</u>	<u>\$ 55,000</u>	<u>\$ 56,615</u>	<u>\$ 361,615</u>

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statements Of Cash Flows

For The Years Ended December 31

	<u>2018</u>	<u>2017</u>
Operating activities:		
Decrease in net assets without donor restrictions	\$ (86,379)	\$ (138,323)
Changes in operating assets and liabilities:		
Accounts receivable	(21,500)	-
Accounts payable	<u>(44,445)</u>	<u>50,778</u>
Net cash flows for operating activities	<u>(152,324)</u>	<u>(87,545)</u>
Net decrease in cash	(152,324)	(87,545)
Cash - beginning	<u>502,509</u>	<u>590,054</u>
Cash - Ending	<u>\$ 350,185</u>	<u>\$ 502,509</u>

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 1: Summary Of Significant Accounting Policies

Background information - The City of Albany Capital Resource Corporation, a Component Unit of the City of Albany (the "Corporation") was formed on April 16, 2010, pursuant to Sections 402 and 1411 of the Not-For-Profit Corporation Laws of the State of New York. The Corporation promotes community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the City of Albany by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects.

Additionally, the Corporation's purpose is to undertake projects and activities within the City of Albany for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the City of Albany by attracting new industry to the City or by encouraging the development of, or retention of, an industry in the City, and lessening the burdens of government and acting in the public interest. The Directors of the Corporation are appointed by the City of Albany's governing body. The Corporation's Directors have complete responsibility for management of the Corporation and accountability for fiscal matters.

Basis of presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional allocation of expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses - present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Corporation allocates expenses based on project closings and all other expenses incurred have been directly allocated to their specific program or supporting services.

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 1: Summary Of Significant Accounting Policies (Continued)

Revenue bonds - The Corporation may issue revenue bonds. The bonds are special obligations of the Corporation payable solely from revenue derived from the leasing, sale, or other disposition of a project. As explained more fully in Note 3, there is no liability to the Corporation; therefore, the obligations are not accounted for in the accounts of the Corporation.

Accounts receivable - Substantially all of the accounts receivable are considered collectible. Accordingly, no allowance for doubtful accounts is required.

Income taxes - The Corporation is exempt from federal income taxes under the Internal Revenue Code. Tax positions are evaluated and recognized in the financial statements when it is more-likely-than-not that the position will be sustained upon examination by tax authorities.

Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Corporation periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary. Actual results could differ from these estimates.

New accounting pronouncements - On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. This ASU is effective for financial statements issued for annual periods beginning after December 15, 2017.

Presentation - Certain reclassifications, when applicable, are made to the prior year financial statement presentation to correspond to the current year's format. Reclassifications, when made, have no effect on total net assets or decrease in net assets.

Note 2: Availability and Liquidity

The Corporation has \$350,185 of cash available within one year of the statement of financial position date to meet cash needs for general expenditures. None of the cash is subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Corporation expects that the available cash and future receipts will cover future expenditures for the period of one year from the statement of financial position date.

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 3: Revenue Bond Transactions

Revenue bonds issued by the Corporation are secured by property which is leased to private companies. The debt is retired by the lease payments. The bonds are not obligations of New York State, the City of Albany, and are not a liability of the Corporation. Accordingly, the Corporation does not record related activity in its accounts. The Corporation acts merely as a financing conduit. For providing this service, the Corporation receives an administrative fee. Such administrative fee income is recognized immediately upon issuance of bonds. Revenue bonds outstanding as of December 31, 2018 total \$232,917,988.

Note 4: Related Party Transactions

The Corporation shares a common board of directors with the City of Albany Industrial Development Agency, a Component Unit of the City of Albany. The Corporation made payments to the City of Albany Industrial Development Agency in the amount of \$6,333 and \$50,778 for the years ended December 31, 2018 and 2017, under the terms of a contract for services agreement. Included as accounts payable on the statements of financial position at December 31, 2018 and 2017 was \$6,333 and \$50,778, respectively, related to this transaction.

Note 5: Concentrations Of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash in financial institutions. Accounts at each institution are insured up to the Federal Deposit Insurance Corporation limits.

Note 6: Commitments And Contingencies

The Corporation follows the guidance for uncertainty in income taxes. As of December 31, 2018, the Corporation believes that it has appropriate support for the income tax positions taken and to be taken on its returns based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. The Corporation has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

Note 7: Subsequent Events

Subsequent events have been evaluated through March 22, 2019, which is the date the financial statements were available to be issued.



**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 Chairman and Board of Directors
City of Albany Capital Resource Corporation,
a Component Unit of the City of Albany
21 Lodge Street
Albany, New York 12207

Independent Auditors' Report

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 Albany Capital Resource Corporation, a Component Unit of the City of Albany (the "Corporation"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2019.

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 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 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 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.

Teal Becker & Charamonte CPAs PC

Albany, New York
March 22, 2019