

***CITY OF ALBANY
INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE
CITY OF ALBANY***

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



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Teal, Becker & Chiaramonte™

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

CELEBRATING 50 YEARS OF SERVICE

The Chairman and Board of Directors
City of Albany Industrial Development Agency,
a Component Unit of the City of Albany
21 Lodge Street
Albany, New York 12207

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the business-type activities of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany (the "Agency"), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of Albany Industrial Development Agency, a Component Unit of the City of Albany's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Albany Industrial Development Agency, a Component Unit of the City of Albany's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Albany Industrial Development Agency, a Component Unit of the City of Albany's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 8 and Schedule I be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022 on our consideration of the City of Albany Industrial Development Agency, 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 solely 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 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 Industrial Development Agency, a Component Unit of the City of Albany's internal control over financial reporting and compliance.

Paul Becker & Charamonte, CPAs PC

Albany, New York
March 22, 2022

**City of Albany Industrial Development Agency,
a Component Unit of the City of Albany**

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the City of Albany Industrial Development Agency's (CAIDA or Agency) activities and financial performance is offered as an introduction and overview of the financial statements of CAIDA for the fiscal years ended December 31, 2021 and 2020. Following this MD&A are the basic financial statements of CAIDA together with the notes thereto which are essential to a full understanding of the data contained in the financial statements. In addition to the notes, this section also presents certain supplementary information to assist with the understanding of CAIDA's financial operations.

OPERATION SUMMARY

The City of Albany Industrial Development Agency's mission is to encourage investment and job creation/retention within the City of Albany. To do this, the Agency extends conduit tax-exempt and taxable bond issuance, mortgage recording, sales, and real-property tax abatements to offset or finance construction, rehabilitation, and equipping costs for eligible projects.

The CAIDA participates in a project by taking title to or a leasehold interest in the real property and/or equipment of the project using the proceeds of bonds sold by CAIDA. By separate agreement, the private firm leases the facilities from the CAIDA. Lease payments are usually equal to the debt service obligations of the issued bonds. The CAIDA does not provide credit enhancement and issues bonds on a non-recourse basis.

Through a professional services agreement, the Capitalize Albany Corporation (CAC), an independent, not-for-profit economic development corporation provides staffing and administrative support to CAIDA. Staff meets with prospective developers to discuss the specifics of a particular project or development and makes recommendations about appropriate economic development programs as well as other project related issues. If CAIDA is an appropriate route, the applicant will complete and submit an application that outlines certain information and data, including anticipated level of job creation and retention that the project will generate. The application is reviewed by staff and counsel to determine project qualification and address other due diligence issues. The seven-member CAIDA Board meets monthly or as necessary to consider project applications focusing on the "public benefits" related to the proposed project, other economic impacts and benefits on the local economy, and the anticipated employment impact. As part of the review process, the CAIDA members also consider potential costs to the local community of the project, including the loss of potential tax revenue. Each project is also required to provide an inducement resolution that specifically states how the project meets the statutory definitions of eligibility. The Agency convenes a public hearing for all projects that requests financial incentives greater than \$100,000 in value.

**City of Albany Industrial Development Agency,
a Component Unit of the City of Albany**

Management's Discussion and Analysis

FINANCIAL OPERATIONS HIGHLIGHTS

The chart below provides a condensed summary of revenues and expenses for the years December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total revenues, gains, and other support	\$ 1,925,558	\$ 412,252
Total expenses	\$ 1,083,691	\$ 962,306
Excess Of Revenues Over Expenses/(Expenses Over Revenues)	\$ 841,867	\$ (500,054)

Agency revenues are predominantly derived from a 1% administrative fee paid by applicants for projects that close with a PILOT and a ½% administrative fee for all other projects that close within a given year. As a result, revenues will fluctuate from year to year based on the level of project activity.

The following projects that closed in 2021 and paid an administrative fee to the Agency were as follows:

413 North Pearl Assoc., LLC

This project consists of the conversion of an underutilized 90,000 SF historic structure in the North Warehouse District into 80 market rate apartments and approx. 13,000 SF of commercial/retail space. This approximately \$18.6 million project will create an estimated 2 permanent jobs and create an estimated 75 construction jobs.

563 New Scotland Ave, LLC

This project consists of the construction of an approximately 300,000 SF mixed-use complex spread over four (4) buildings across 3.3 acres. The project will consist of approx. 188 residential rental units, approx. 255 off-street parking spots and +/- 15,000 SF of ground floor commercial/retail space. Seven (7) existing underutilized structures will be demolished. When completed this approx. \$39.8 million project will have retained 2 permanent jobs, created an estimated 13 permanent jobs and 85 construction jobs.

1211 Western Ave Associates, LLC

This project consists of the construction of an approximately 190,000 SF 6-story mixed-use building containing 136 market rate apartment units, approx. 1,850 SF of ground floor commercial space. The structure will be built on top of an approx. 150 space parking garage. This approximately \$35.7 million project will create an estimated 5 permanent jobs and 90 construction jobs.

**City of Albany Industrial Development Agency,
a Component Unit of the City of Albany**

Management's Discussion and Analysis

61 North Pearl Partners, LP

This project consists of the historic redevelopment of an approximate 40,000 SF historic structure in Downtown Albany. When completed, this project will consist of 15 residential units and approx. 10,000 SF of retail/commercial space at ground level. The four existing retail spaces on site will remain and space formerly occupied by a restaurant will be re-tenanted. This approximately \$4.7 million project will retain 8 existing jobs and create an estimated 25 construction jobs.

745 Broadway Apartments, LLC

This project consists of the construction of an approximately 99,000 SF 5-story market rate residential apartment building on the site of an underutilized parking lot in Clinton Square. When completed, the project will contain 80 apartment units and approx. 93 off-street parking spaces. This approximately \$22.7 million project will create an estimated 2 permanent jobs and 150 construction jobs.

TR Hackett, LLC

This project consists of the construction an approximately 60,000 SF 4-story market rate residential apartment building on vacant land in the University Heights neighborhood. When completed, the project will contain 39 one and two-bedroom apartment units and approx. 44 off-street parking spaces. This approximately \$6.8 million project will create an estimated 260 construction jobs.

191 North Pearl, LLC

This project consists of the construction of an approximately 27,000 SF 4-story market rate residential apartment building on vacant land in Clinton Square. When completed, the project will contain 18 one and two-bedroom apartment units and approx. 15 off-street parking spaces. This approximately \$3.3 million project will create an estimated 220 construction jobs.

Holland Ave OZ, LLC

This project consists of the construction of an approximately 67,000 SF 4-story market rate residential apartment building on 1.2 acres of land in the University Heights neighborhood. When completed, the project will contain 60 apartment units and approx. 59 off-street parking spaces. The project intends to utilize the Opportunity Zone Program. This approximately \$12.1 million project will create an estimated 2 full time jobs and approx. 115 construction jobs.

413 North Pearl Assoc., LLC

This project consists of the historic renovation and conversion of an underutilized +/- 225,000 SF historic structure in the North Warehouse District into approx. 260 market rate apartments and approx. 48,000 SF of commercial/retail space. This approximately \$65.0 million project will retain an estimated 46 full time jobs, create an estimated 3 permanent jobs and create an estimated 300 construction jobs.

See independent auditors' report
The accompanying notes are an integral part of these financial statements

**City of Albany Industrial Development Agency,
a Component Unit of the City of Albany**

Management's Discussion and Analysis

A condensed summary of CAIDA's net assets at December 31, 2021 and 2020 is shown below:

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$3,307,323	\$2,866,253
Restricted Cash	42,749	50,000
Accounts Receivable	371,940	19,500
Fixed Assets (Net)	3,049	3,987
Mortgage Notes Receivable CENTER 2020	<u>131,970</u>	<u>131,970</u>
TOTAL ASSETS	<u>\$3,857,031</u>	<u>\$3,071,710</u>
<u>Liabilities and Net Assets</u>		
Accounts Payable	\$ 0	\$ 42,000
Accrued Expenses	33,125	40,420
Unearned Income	42,749	50,000
Mortgage Notes Payable	<u>131,970</u>	<u>131,970</u>
Total Liabilities	207,844	264,390
Net Assets	<u>3,649,187</u>	<u>2,807,320</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,857,031</u>	<u>\$3,071,710</u>

FUTURE OPERATIONS

As of December 31, 2021, the following projects have been approved by the CAIDA Board and are expected to close in 2022:

61 North Pearl Partners, LP

This project consists of the historic redevelopment of an approximate 41,600 SF historic structure in Downtown Albany. When completed, this project will consist of 27 market rate residential units and approx. 10,000 SF of retail/commercial space at ground level. This approximately \$7.4 million project will create an estimated 1 permanent job and an estimated 50 construction jobs.

FC705 Broadway, LLC

This project consists of the construction of approximately 106,000 SF, eight story limited-service hotel located at 705 Broadway. When completed this project will have 132 rooms. This approximately \$35.7 million project will create an estimated 25 permanent jobs and 100 construction jobs.

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**City of Albany Industrial Development Agency,
a Component Unit of the City of Albany**

Management's Discussion and Analysis

1415 Washington Property, LLC

This project consists of the construction of an approximately 415,000 SF five story student housing dormitory adjacent to SUNY Albany. A vacant hotel currently on-site will be demolished. When completed this project will consist of 260 units/560 beds and will also have approximately 207 parking spots. This approximately \$80.0 million project will create an estimated 8 permanent jobs and 300 construction jobs.

Clinton Avenue Apartments II, LLC

The Project proposes to revitalize 6 properties located on Clinton Avenue in Arbor Hill located at 78, 133, 163, 236, 303 and 307 Clinton Ave. The proposed project includes the historic preservation of four vacant row homes and the adaptive reuse of a long vacant former school building and the new construction of a 3-story mixed use building into a total of 61 residential affordable housing units (36 – or +/- 59% - new construction and 25 – or +/- 41% - rehab) benefiting households with incomes up to 80% of the Area Median Income. Additionally, the mixed-use building incorporates approx. 12,000 SF of commercial space dedicated to the Albany Center for Economic Success with the intention “to promote successful ownership of sustainable businesses among people of color, women and low-income individuals by providing technical assistance and incubator services.” This approximately \$23.9 million project will create an estimated 17 permanent jobs and 150 construction jobs.

Lofts at Pine Hills, LLC

The Project consists of the construction of a residential market rate apartment complex in two 4-story buildings in the Pine Hills neighborhood totaling approx. 100,700 SF. When completed, the structures will contain 83 dwelling units and approx. 6,000 SF of commercial/retail space. Off-street parking for +/- 69 cars will also be available. This approximately \$29.9 million project will create an estimated 5 permanent jobs and 150 construction jobs. This project will also retain 2 existing jobs.

FINANCIAL STATEMENTS

CAIDA's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the *Government Accounting Standards Board (GASB)*. CAIDA is a public benefit corporation created by State legislation and is a component unit of the City of Albany. CAIDA follows enterprise fund accounting; accordingly, the financial statements are presented using the economic resources management focus. These financial statements are presented in a manner similar to a private business.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of CAIDA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to:

City of Albany Industrial Development Agency
Attention: Chief Financial Officer & Assistant Treasurer
21 Lodge Street
Albany, New York 1220

See independent auditors' report
The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statements Of Net Position

December 31

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 3,307,323	\$ 2,866,253
Restricted cash - escrow account (Note 1)	42,749	50,000
Accounts receivable	371,940	19,500
Mortgage notes receivable (Note 2)	<u>131,970</u>	<u>-</u>
 Total current assets	 <u>3,853,982</u>	 <u>2,935,753</u>
 Mortgage notes receivable (Note 2)	 -	 131,970
Property and equipment, net (Note 3)	<u>3,049</u>	<u>3,987</u>
 Total Assets	 <u>\$ 3,857,031</u>	 <u>\$ 3,071,710</u>
<u>Liabilities And Net Position</u>		
Current liabilities:		
Accounts payable	\$ -	\$ 42,000
Accrued expenses	33,125	40,420
Deferred revenue	42,749	50,000
Mortgage payable (Note 4)	<u>131,970</u>	<u>-</u>
 Total current liabilities	 207,844	 132,420
 Mortgage payable (Note 4)	 <u>-</u>	 <u>131,970</u>
 Total liabilities	 <u>207,844</u>	 <u>264,390</u>
 Net position:		
Net position - unrestricted	3,606,438	2,757,320
Net position - restricted	<u>42,749</u>	<u>50,000</u>
 Total net position	 <u>3,649,187</u>	 <u>2,807,320</u>
 Total Liabilities And Net Position	 <u>\$ 3,857,031</u>	 <u>\$ 3,071,710</u>

See independent auditors' report
The accompanying notes are an integral part of these financial statements
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**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statements Of Revenues, Expenses, And Changes In Net Position

For The Years Ended December 31

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Agency fees	\$ 1,907,976	\$ 389,056
Total operating revenues	<u>1,907,976</u>	<u>389,056</u>
Operating expenses:		
Professional services	703,070	636,625
Economic development support	250,000	250,000
SBAP Grant Awards	78,820	-
Other miscellaneous	6,629	3,090
Depreciation	<u>938</u>	<u>704</u>
Total operating expenses	<u>1,039,457</u>	<u>890,419</u>
Operating income (loss)	<u>868,519</u>	<u>(501,363)</u>
Non-operating revenues:		
Interest income	<u>17,582</u>	<u>23,196</u>
Total non-operating revenues	<u>17,582</u>	<u>23,196</u>
Non-operating expenses:		
Lease expenses (Note 7)	<u>44,234</u>	<u>71,887</u>
Total non-operating expenses	<u>44,234</u>	<u>71,887</u>
Net income (loss)	841,867	(550,054)
Net position - beginning	<u>2,807,320</u>	<u>3,357,374</u>
Net Position - Ending	<u>\$ 3,649,187</u>	<u>\$ 2,807,320</u>

See independent auditors' report
The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statements Of Cash Flows

For The Years Ended December 31

	<u>2021</u>	<u>2020</u>
Cash flows from (for) operating activities:		
Receipts from fees	\$ 1,548,285	\$ 489,530
Payments for economic development support	(250,000)	(250,000)
Payments for professional services	(747,089)	(614,606)
Payments for SBAP grant awards	(78,820)	-
Payments for other expenses	<u>(6,629)</u>	<u>(3,089)</u>
Net cash provided by (used by) operating activities	<u>465,747</u>	<u>(378,165)</u>
 Cash flows from (for) investing activities:		
Interest	17,582	23,196
Property and equipment expenditures	-	(4,691)
Lease expenses	<u>(49,510)</u>	<u>(70,486)</u>
Net cash used by investing activities	<u>(31,928)</u>	<u>(51,981)</u>
 Net increase (decrease) in cash, cash equivalents and restricted cash	 433,819	 (430,146)
 Balances - beginning of year	 <u>2,916,253</u>	 <u>3,346,399</u>
 Balances - End Of Year	 <u>\$ 3,350,072</u>	 <u>\$ 2,916,253</u>
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 868,519	\$ (501,363)
 Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Depreciation expense	938	704
Changes in assets and liabilities:		
Prepaid expenses	-	1,000
Deferred revenue	(7,251)	50,000
Accounts receivable	(352,440)	50,474
Accrued expenses	(2,019)	22,019
Accounts payable	<u>(42,000)</u>	<u>(999)</u>
 Net Cash Provided By (Used By) Operating Activities	 <u>\$ 465,747</u>	 <u>\$ (378,165)</u>

See independent auditors' report
The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 1: Organization And Summary Of Significant Accounting Policies

Organization

The City of Albany Industrial Development Agency (the "Agency"), a public benefit corporation created by State legislation, is a component unit of the City of Albany, New York, and commenced operations on May 13, 1974. The Agency's purpose is to promote the advancement of job opportunities, health, general prosperity, and economic welfare of the people of the State of New York, to attract commerce and industry, and to retain areas adaptable for commercial and/or industrial purposes. Additionally, the Agency's purpose is to promote, develop, encourage, and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping, and furnishing of industrial, manufacturing, warehousing, commercial, and research facilities. The Agency also has the power to acquire, construct, reconstruct, lease, sell, improve, maintain, equip, or furnish certain properties and facilities. The members of the Agency are appointed by the City of Albany's Common Council. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters.

Summary of significant accounting policies

(a) Basis of presentation

The Agency utilizes the accrual basis of accounting, wherein revenue is recognized when earned and expenses are recognized when incurred. The accompanying financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the *Government Accounting Standards Board (GASB)*, which is the primary standard setting body for establishing governmental accounting and financial principles.

(b) Cash, cash equivalents, and restricted cash

The Agency's investment policies are governed by State statutes. The Agency's funds must be deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

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

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 1: Organization And Summary Of Significant Accounting Policies (Continued)

(b) Cash, cash equivalents, and restricted cash (continued)

At December 31, 2021, the carrying amount of the Agency's deposits, including cash and a money market account, was \$3,363,278. The insured and collateral status of the year end bank balances are as follows:

Status of bank balances:

Collateralized with securities held by a third party for the benefit of the Agency pursuant to a third party custodian agreement	\$ 3,219,102
Covered by federal deposit insurance	<u>250,000</u>
Total Bank Balances	<u>\$ 3,469,102</u>

The Agency holds an escrow account as required by an agreement with Capitalize Albany Corporation (CAC). The escrow account balance is reported as restricted cash on the Statements of Net Position and has a balance of \$42,749 at December 31, 2021. These funds are used to pay for eminent domain proceedings and related expenses per the agreement with the CAC.

(c) Statement of cash flows and cash equivalents

The Agency follows accounting principles generally accepted in the United States of America, which requires the reporting of cash flows under the direct method of cash flow reporting. For purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents in accordance with accounting principles generally accepted in the United States of America.

(d) Mortgage notes and accounts receivable

Substantially all of the mortgage notes and accounts receivable are considered collectible. Accordingly, no allowance for doubtful accounts is required.

(e) Property and equipment

The cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method.

(f) Deferred revenue

Fee income collected for the upcoming year is recorded as deferred revenue and recognized in the period in which the corresponding expenses occur.

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 1: Organization And Summary Of Significant Accounting Policies (Continued)

(g) Net position - restricted

The Agency has a restricted fund balance of \$42,749 that is to be used for eminent domain proceedings and related expenses.

(h) Industrial development revenue bonds

The Agency may issue Industrial Development Revenue Bonds. The Bonds are special obligations of the Agency, payable solely from revenue derived from the leasing, sale, or other disposition of a project. As explained more fully in Note 6, there is no liability to the Agency; therefore, the obligations are not accounted for in the accounts of the Agency.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as investment earnings, result from non-exchange transactions.

(i) Income taxes

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

(j) 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 Agency periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary.

(k) 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 net position or net income (loss).

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 2: Mortgage Notes Receivable

The Agency's mortgage notes receivable comprise loans which are recorded at cost. The mortgagor is James Housing Development Fund Company, Inc. The original mortgage was signed December 23, 1992. At December 31, 2021 \$131,970 was recorded as a current asset as the loan matures on December 23, 2022. At December 31, 2020 \$131,970 was recorded as a long-term asset.

Note 3: Property And Equipment

Property and equipment, stated on the statements of net position at cost less accumulated depreciation at December 31 consists of:

	2021		2020	
<u>Item</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Equipment	\$ 4,691	\$ 1,642	\$ 4,691	\$ 704
	4,691	<u>1,642</u>	4,691	<u>704</u>
Less: accumulated depreciation	<u>1,642</u>		<u>704</u>	
Total	<u>\$ 3,049</u>		<u>\$ 3,987</u>	

Depreciation expense charged to operations for the years ended December 31, 2021 and 2020 was \$938 and \$704, respectively.

Note 4: Mortgage Payable

The Agency has entered into a loan agreement with the City of Albany. The proceeds are loaned, in turn, to the eligible mortgagor. Loan repayment maturities vary by loan and are collateralized by mortgage notes receivable.

At December 31, 2021 \$131,970 was recorded as a current liability as the loan matures on December 23, 2022. At December 31, 2020 \$131,970 was recorded as a long-term liability.

Note 5: Related Party Transactions

The Agency shares a common board of directors with the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany. The Agency received \$17,693 and \$-0- for the years ended December 31, 2021 and 2020, based on the terms of a contract for services agreement.

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

Note 6: Industrial Development Revenue Bond Transactions

Industrial Development Revenue Bonds issued by the Agency 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 general obligations of the Agency. Accordingly, the Agency does not record related activity in its accounts. The Agency acts as a financing conduit. For providing this service, the Agency receives an administrative fee. Such administrative fee income is recognized immediately upon issuance of bonds. Industrial Development Revenue Bonds outstanding as of December 31, 2021 total \$57,902,664.

Note 7: Sublease Agreement

The Agency had an agreement with the New Covenant Charter School (the "Charter School") to lease a portion of the Charter School's building as a community center. The Agency paid the Community Center's share of all operating and maintenance expenses, fees, and charges. The annual costs of this lease were \$44,234 and \$71,887 for the years ended December 31, 2021 and 2020, respectively. The original agreement was effective through November 30, 2099.

In June 2010, the Charter School closed and ownership rights reverted back to the bondholders. The Agency's obligation under the lease continues despite the closing of the Charter School. Under a revised agreement, the Agency was required to pay 80% of all operating and maintenance expenses, fees, and charges until the Charter School building was purchased.

During the fourth quarter of 2013, the building was leased to the Albany City School District. In connection with the lease with the Albany City School District, the Agency's obligation under the lease will continue with respect to sharing of operating and maintenance expenses, fees, and charges.

Note 8: Risks And Uncertainties

The extent of the impact of COVID-19 on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Agency's customers and employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Agency's financial condition or results of operations is uncertain and cannot be reasonably estimated at this time.

Note 9: Subsequent Events

Subsequent events have been evaluated through March 22, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule I

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF ALBANY**

Required Supplementary Information
Schedule Of Revenues And Expenses - Budget
(Non-GAAP Basis) And Actual

For The Year Ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Agency fees	\$ 1,044,660	\$ 1,907,976	\$ 863,316
Interest income	<u>16,344</u>	<u>17,582</u>	<u>1,238</u>
 Total revenues	 <u>1,061,004</u>	 <u>1,925,558</u>	 <u>864,554</u>
 Expenses:			
Management contracts	494,228	476,535	17,693
Strategic activity	350,000	78,820	271,180
Economic development support	250,000	250,000	-
Sub-lease AHCC	75,000	44,234	30,766
Agency counsel	42,000	42,000	-
Legal expenses	20,000	160,708	(140,708)
Website maintenance	10,000	-	10,000
Other miscellaneous	7,600	6,629	971
Audits/accounting	7,200	7,200	-
Insurance	3,420	3,632	(212)
Depreciation	938	938	-
Professional service other	<u>-</u>	<u>12,995</u>	<u>(12,995)</u>
 Total expenses	 <u>1,260,386</u>	 <u>1,083,691</u>	 <u>176,695</u>
 Excess Of Revenues Over Expenses	 <u>\$ (199,382)</u>	 <u>\$ 841,867</u>	 <u>\$ 1,041,249</u>

See paragraph on supplementary schedules in independent auditors' report



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**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 Industrial Development Agency,
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 governmental activities and the business-type activities of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany (the "Agency") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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.

Internal Control Over Financial Reporting (Continued)

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 Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leah Becker & Charamonte CPAs PC

Albany, New York
March 22, 2022