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

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Teal, Becker & Chiaramonte™
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

A Higher Standard of Excellence

TABLE OF CONTENTS

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 Audits of the Financial Statements

Opinion

We have audited the 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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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, 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the City of Albany Capital Resource Corporation, 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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.

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 Capital Resource Corporation, 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 available to be issued.

Auditors' Responsibilities for the Audits 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 opinion. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Capital Resource Corporation, 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 Capital Resource Corporation, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024 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 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 Capital Resource Corporation, a Component Unit of the City of Albany's internal control over financial reporting and compliance.

Teal, Becker & Chiaramonte, CPAs, P.C.

Albany, New York
March 28, 2024

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

Statements Of Financial Position

December 31

	2023	2022
Assets		
Current assets:		
Cash	$ 542,410	$ 609,632
Accounts receivable	-	2,000
Total Assets	$ 542,410	$ 611,632
Net Assets		
Current liabilities:		
Accounts payable (Note 4)	$ 120,515	$ 14,827
Total liabilities	120,515	14,827
Net assets without donor restrictions	421,895	596,805
Total Net Assets	$ 542,410	$ 611,632

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

	2023	2022
Support and revenues:		
Interest income	$ 884	$ 538
Fees	500	52,775
Total support and revenues	1,384	53,313
Functional expenses:		
Program services	170,000	25,000
Supporting services	6,294	20,860
Total functional expenses	176,294	45,860
Increase (decrease) in net assets without donor restrictions	(174,910)	7,453
Net assets without donor restrictions - beginning	596,805	589,352
Net Assets Without Donor Restrictions - Ending	$ 421,895	$ 596,805

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

	2023		
	Program Services	**Supporting Services**	**Total**
Functional expenses:			
Strategic initiatives	$ 170,000	$ -	$ 170,000
Accounting	-	4,600	4,600
Insurance	-	1,179	1,179
Administrative services	-	515	515
Total Functional Expenses	$ 170,000	$ 6,294	$ 176,294

	2022		
	Program Services	**Supporting Services**	**Total**
Functional expenses:			
Strategic initiatives	$ 25,000	$ -	$ 25,000
Administrative services	-	14,827	14,827
Accounting	-	4,600	4,600
Insurance	-	1,393	1,393
Miscellaneous	-	40	40
Total Functional Expenses	$ 25,000	$ 20,860	$ 45,860

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

Statements Of Cash Flows

For The Years Ended December 31

	2023	2022
Operating activities:		
Increase (decrease) in net assets without donor restrictions	$ (174,910)	$ 7,453
Changes in operating assets and liabilities:		
Accounts receivable	2,000	(2,000)
Accounts payable	105,688	14,827
Net cash flows from (for) operating activities	(67,222)	20,280
Net increase (decrease) in cash	(67,222)	20,280
Cash - beginning	609,632	589,352
Cash - Ending	$ 542,410	$ 609,632

The accompanying notes are an integral part of these 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 or absence 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 that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.
>
> Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue recognition - Revenue from contracts with customers is recognized using the five-step model: (1) identify the contract, (2) identify performance obligations, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue. Contracts with customers are typically defined by the Corporation's customary business practices and are valued at the contract price. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance, and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

Note 1: Summary Of Significant Accounting Policies (Continued)

The Corporation has identified its material revenue stream from contracts with customers as follows:

> Services - The Corporation develops and provides 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. For the Corporation's services, various fees are charged as a result of their assistance. These fees may include an administrative fee for bond issuance, application fee, fees for modification or amendment transactions, post-closing modification amendments, special meeting fees, and other miscellaneous fees. Revenues from such services are recognized at the agreed-upon contractual amount at a point in time as the service is performed. Upon completion of service, a receivable is recorded related to this revenue as the Corporation has an unconditional right to invoice and receive payment. Payments are typically received shortly after services have been rendered.

Functional allocation of expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements 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.

Revenue bond - 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 - Accounts receivable are comprised of amounts billed and currently due from customers. Accounts receivable are amounts related to any unconditional right the Corporation has to receive consideration. Receivables are considered past due when payment is not received within the period allowed under the terms of the sale or contract. The Corporation writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expenses in the year of recovery. Substantially all of the accounts receivable are considered collectible. Accordingly, no allowance for credit losses is required.

Income taxes - The Corporation is exempt from federal income taxes under Section 501(c)(3) of 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 the tax authorities.

Note 1: Summary Of Significant Accounting Policies (Continued)

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. Significant estimates made by the Corporation in the accompanying financial statements include certain assumptions related to the allocation of expenses between program services and supporting services. Actual results could differ from these estimates.

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 increase (decrease) in net assets.

Recently adopted accounting principle - Effective January 1, 2023, the Corporation adopted *ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the Current Expected Credit Losses (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable, contract assets, loan receivables, and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities the Corporation does not intend to sell or believes that is more likely than not they will be required to sell. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing a company's exposure to credit risk and the measurement of credit losses. Financial assets held by the Corporation that are subject to the guidance in ASC 326 were accounts receivable.

The Corporation adopted ASC 326 using the modified retrospective transition method as of the date of adoption for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning January 1, 2023 are presented under ASC 326, while prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles. The adoption of this accounting guidance as of January 1, 2023 did not have an effect on the Corporation's results of operations and on the opening balance of net assets

Note 2: Availability And Liquidity

The Corporation has $542,410 of cash available within one year of the statements 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 it unavailable for general expenditures within one year of the statements 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 statements of financial position date.

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, 2023 total $232,516,515.

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 $515 and $14,827 for the years ended December 31, 2023 and 2022, respectively, under the terms of a contract for services agreement.

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, 2023, 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 28, 2024, 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2024.

Report on 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) as a basis for designing 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.

Report on 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.

Report on 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 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 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 & Chiaramonte, CPAs, PC

Albany, New York
March 28, 2024